











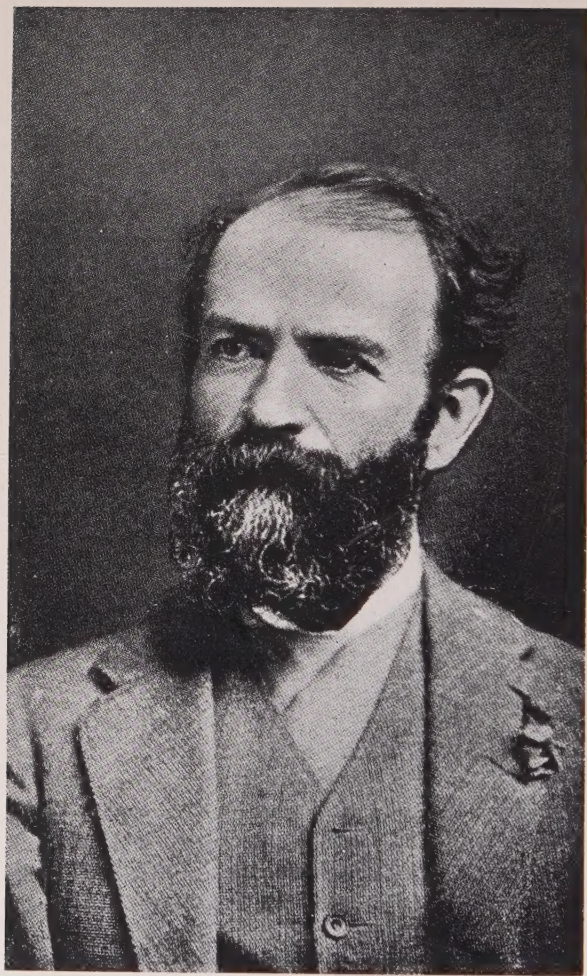


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JAY GOULD  
*The Story of a Fortune*







Lang J. H. H.

# JAY GOULD

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## *The Story of a Fortune*

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BY

ROBERT IRVING WARSHOW



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*For Tom*



"Eh bien! no speculation, no business. Why on earth do you expect me to fork out my money, to risk my future, when you make no promise of an extraordinarily tempting return, of some unlooked-for happiness, or that the heavens will open to my gaze? Legitimate and moderate payment for work done, rational equilibrium of everyday activities—bah! Life with these only is an extensive waste of deadly dullness; a morass in which man's powers and capacities go to sleep and then waste away. But let a dream picture of a sudden appear on the horizon, proclaim that with a single sou you can get a hundred, hold out to the sleepy souls the possibility of chasing the impossible, show them the millions to be earned in a short hour . . . and the race commences at break-neck speed, energies are whipped to boiling point, and the crowd is so dense that though everybody is working for his own selfish ends, they produce living things magnificent in their beauty."



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## FOREWORD

Jay Gould reigned from Appomattox to the panic of 1893. Born with no inherited power, he died the possessor of the largest fortune ever gathered by one man in his time. His power was founded on cunning and perpetuated by craft, and at his death not even his fiercest enemies could deny that the greatest manipulative mind of the period had passed.

To explain the financial phase of our civilization without the mention of Jay Gould is impossible. "His touch was as death," but his touch was universal, and the story of one of the greatest financial freebooters of all time is one with the story of the greatest period of industrial activity and commercial expansion of the United States. Enough time has passed since his exploits so that they may be studied without heat and prejudice, and if we are to understand his dramatic forays we must see him both in Wall Street and in 47th Street, in his massacres after victory and at home with his neuralgia, in his merciless financial battles and among his beloved flowers. In his expeditions he used courts and governments; his allies were many, but none his friends; at one time or another in his life he broke almost every

## FOREWORD

man who worked with him, and to the last he remained what by nature he was, a lone worker.

This is the story of the greatest modern buccaneer, and in his life is enveloped the story of an important period, for his strength and power were in every phase of the country's development—and he went with colors flying, for this five-foot consumptive Napoleon of finance never met his Waterloo.

When he died, amid the burst of moral indignation against his untrammelled shady manipulations, his fiercest public enemy, Joseph Pulitzer's *New York World* had this to say:

"Every man knew Gould's face, every man knows his name and his work; flags are at half-mast in many places—the most phenomenal personality in the national race for money has disappeared. . . . His life abounded in romantic interest. Contrasted with it, the career of a man who explores Africa or tries for the North Pole is prosy and dull."

JAY GOULD  
*The Story of a Fortune*



## CHAPTER I

### THE START

WHEN Jay was born, the Gould family had fallen to a low estate. Descended from a proud line of Burrs, Bradleys, and Talcotts, the family had previously attained political eminence and a high social station. Major Nathan Gold came from Edmondsbury, England, and settled in Fairfield, Connecticut, in 1646. His son, Nathan Gold Jr., was Chief Justice of the State Supreme Court. Captain Abel and Colonel Abraham, the first of the family to use the name Gould, served with distinction in the Continental Army. Colonel Gould's fourth child, Abraham, emigrated to the wilderness of Delaware County, New York, in 1789, and his son, John Burr, the father of Jay, was the first white male child in the town of Roxbury. John Gould married Mary Moore, who was Jay Gould's mother.

Jay Gould's endowment was Scottish on the mother's side, Puritan on his father's. There is no certain evidence of Jewish blood in the family, although the name Gold and the distinctly acquisitive characteristics of the

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man have led to the assumption; thus Henry Adams called Jay Gould "the complex Jew." The acquisitive disposition Jay Gould certainly had; but what heritage more fertile for this development than the Puritan and the Scotch? The ownership of "flocks and herds" has always, in the Puritan mind, determined ultimate virtue. A Puritan father and a Scottish mother, and there is no better initial endowment for winning the smiles of Jehovah. In this mind, exploitation is always rationalized as the use of God-given talents, and prosperity is essential righteousness.

Jason (Jay) Gould was born at Roxbury, New York, on May 27th, 1836. His father was a bitter failure, a fighter of lost causes, a hard man beaten by a harder soil. The modest house, a two-story, boxlike frame building, was carefully and repeatedly covered by a coating of white paint. It was John Gould's public insistence on his essential respectability, his Puritan cleanliness, his defiance in the face of adversity. Five girls had preceded Jay, and they welcomed a brother. But evidently no protector was born to them. Jay was from birth a sickly boy, frail, small, unimpressive. Jay's mother was frail; she was getting tired, and it was not long before she left her son to the mercy of her Lord. Jay had not known her long, but something of her gentleness, her natural piety, the mental sturdiness of the pioneer, al-



JAY GOULD'S BIRTHPLACE  
*Roxbury, New York*



JAY GOULD'S COUNTRY ESTATE  
*"Lyndhurst" at Irvington, New York*



## THE STORY OF A FORTUNE

ways remained with him. She was to be followed by two stepmothers, who understood him but little and cared to understand him less.

When Jay was very young (his family called him Jay to distinguish him from his uncle Jason), he was pressed into active duty on the farm. The barren 150 acres his father owned were hardly sufficient to keep the large family. Jay's father was the last of a fighting line, and the anti-rent wars, then raging in Delaware County, claimed a great deal of his attention. He was the leader in the agitation, to the neglect of the farm and his children's schooling. Jay suffered for lack of actual necessities. From the beginning, life was a continual struggle, a preparation not designed to develop generosity and consideration for others.

Before a Senate Committee in 1863, the man Jay Gould, then already famous, but not less sentimental than the boy, gave this account of a part of his early life:

"My father owned a small farm then and kept a dairy of twenty cows. I was the only boy in the family; so I had to attend to the cows in the morning and assist my sisters in milking them. I used to take them out in the morning and go for them at night. I did not like farming in that way; so I went to my father and told him I wanted to go to school. He said I was too young, but

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finally gave me permission, and I started off and showed myself at school. I had learned to write, and as I wrote a pretty good hand a storekeeper in the village gave me the job to write up his books at night, and in that way I supported myself through school.

"I was about fourteen when I left home, and I spent about a year at this school; then I got into a country store and made myself useful sweeping it out and learning the business. My duties employed me from six in the morning until ten o'clock at night. In the meantime I had acquired a taste for mathematics and especially for surveying and engineering. I took them up after I left school. I used to get up at three o'clock and study from three until six, when I had to open the store, and finally got a pretty good idea of that branch and concluded to start out as a surveyor. I heard of a man in Ulster County that was looking for an assistant. He was making a map of that county and I wrote to him. He engaged me at twenty dollars a month. When I left, my father offered me money, but I concluded to burn my ships behind me and took only enough for my fare."

The school Jay referred to was Beechwood Seminary. His life there was not of great interest. Although he found the studies absorbing, he could not get himself to join in the life of his fellows. A schoolmate writes, "In his early life he was in a measure different from boys

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in general in that he did not seem to enter into the sports and games of the ordinary schoolboys. He was quiet and rather aloof. He seldom engaged in the sports of the school," said John Burroughs, "because he was proud and exclusive, and would not put himself on an equality with the other boys. I frequently went home with him and stayed all night, but he would never go home with me."

We may well wonder at the intimate boyhood friendship of two such apparently diverse characters as John Burroughs and Jay Gould. Both born in the little village of Roxbury, they spent many happy days together. From this relationship sprang perhaps Jay Gould's love of flowers, suppressed throughout a busy life, but encouraged again in his later years. There must have been a great charm in the boy to attract John Burroughs. Jay was not socially active nor popular among his fellows, not even pleasant toward them: he never sought friends. The great naturalist sought Jay out and found a kindred soul, for at heart they were both seekers of perfection and beauty. But Jay, through temperament or necessity, had schooled his brain away from all things soft and merely beautiful.

Jay Gould at school was certainly not the typical athletic American boy. He liked his studies, particularly mathematics. He had a passion for educating himself,

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for developing his mind, but apart from that he found little interest in the life about him. His elder sister writes of him, "He did not engage very much in sports; he did not have much time. In the winter he would sometimes ride down on a sled, perhaps once or twice, but he really didn't have any time for sports, because he was always either studying or reading. He never played baseball, checkers, or cards. When he was twelve or thirteen years old, he was studying geometry and logarithms and getting ready for surveying. He was thinking about building a railroad across the Continent, so that California might be nearer to us."

A busy, a hard, but not a happy childhood! His schooling over, still a boy, he went out to make his way among men. In the light of his later life, Jay's last school composition is an interesting document:

### COMPOSITION

JASON GOULD

BEECHWOOD SEMINARY

April 9th, 1850.

### *"HONESTY IS THE BEST POLICY*

"By this proposition we mean that to be honest, to think honest, and to have all our actions honestly per-

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formed is the best way, and most accords with the precepts of reason. Honesty is of a self-denying nature. To become honest requires self-denial; it requires that we should not acquaint ourselves too much with the world; that we should not associate ourselves with those of vulgar habits; also, that we should obey the warnings of conscience.

"If we are about to perform a dishonest act, the warnings of conscience exert their utmost influence to persuade us that it is wrong, and we should not do it, and after we have performed the act this faithful agent upbraids us for it. This voice of conscience is not the voice of thunder, but a voice gentle and impressive; it does not force us to comply with its requests, while at the same time it reasons with us and brings forth arguments in favor of right.

"Since no theory of reasoning can be sustained without illustration, it will not be unbecoming for us to cite one of the many instances that have occurred, whose names stand high upon the scroll of fame, and whose names are recorded on the pages of history,—George Washington, the man who never told a lie in all his life. In youth he subdued his idle passions, cherished truth, obeyed the teaching of conscience, and 'never told a lie.' An anecdote which is much related and which occurred when he was a boy, goes to show his sincerity.

## JAY GOULD

Alexander Pope, in his 'Essay on Man,' says, 'An honest man is the noblest work of God.'

"And again, we find numerous passages in the Scripture which have an immediate connection to this, and summing up the whole, we cannot but say, 'Honesty is the best policy.'

JASON GOULD"

## CHAPTER II

### PLUNGING INTO BUSINESS

THE youth Jay Gould had a passion for education, which exceeded all his other desires. At the age of seventeen he wrote to a friend, "If this bill passes, I think I shall realize enough to see me through Yale College, and that is the extent of my hopes. Perhaps it is an idle dream, but a vision of imagination. I say there is no room for idle speculations when they conflict with a deep resolution to accomplish worthy ends, and I hope that a kind Providence that has thus far sheltered me under her wing will crown my at least honest exertions with a sphere of usefulness."

Jay Gould's analysis of the purpose of an education is not the common one. It was not a thirst for learning, a desire to understand, and an urge to develop the mind. Jay conceived of an education as a means of placing one "where he is capable of speaking and acting for himself without being bargained away and deceived by his more enlightened brothers," and as a means of "controlling the human destiny in yielding happiness and enjoyment to its possessor." There is a clear indication of the devel-

## JAY GOULD

opment of a powerful defensive mechanism, the natural urge of the weak and the embittered to strike before the stronger crush. The clear, precocious mind of the boy was being sharpened for action.

In the period of Jay Gould's life from fourteen to nineteen, we still see symptoms of a changing mind and a varying mood. His temperament was forming and his character hardening. After that, there was firm consistency,—the storming for power, the mental ruthlessness, the singleness of purpose, and the genius of the great buccaneer. This, the man, from the simple, retiring, modest, frail youngster. How the development? We have the analysis of Dr. A. C. Jacobson:

"We come next to a vital point in the understanding of this interesting character. What was the significance of his pride, reserve, exclusiveness, and suppressed personality in boyhood? An inferiority complex, growing out of his physical frailty, poverty, hardship, social isolation, the uncouthness of his people, and the knowledge of his family's fall from prestige to a bitter struggle for survival. The boy's manners were a defensive mechanism. He compensated for his inferiority feeling by developing an ambition to acquire wealth and power."

What Dr. Alfred Adler says in "Understanding Human Nature" might well have been written with a Jay Gould in mind:

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"An uninhibited striving for power is capable of producing degeneration in the psychic development of the child, an exaggerated drive for security and might; may change . . . tenderness into a subtle treachery for dominating the world. Every natural feeling or expression finally carries with it a hypocritical afterthought whose final purpose is the subjugation of the environment. . . . Where we are dealing with a pathological power-drive we find individuals who seek to secure their position in life with extraordinary efforts, with greater haste and impatience, with more violent impulses, and without consideration of anyone else. . . . Their attacks on the lives of others necessitate that they defend their own lives. They are against the world, and the world is against them."

Jay Gould, at sixteen, frail, sentimental, superintelligent, precocious, an expiring piousness still in his system, affectionate, a born trader, and a ruthless fighter, starts out to conquer the world.

An industrial nation is being born. The 1850's, the era of railroads and industry, the beginning of big business,—the stage is set for manipulation and corruption. In Wall Street, Daniel Drew, Cornelius Vanderbilt, Jacob Little, and John Jacob Astor are already on the scene. In upstate New York, Jay Gould is planning a venture in surveying, the first venture on his own ac-

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count. At seventeen, he is already to sense the possibility of using others for one's own advancement. His methods are from the beginning the methods of Jay Gould, speculator and financier,—to use the other fellow, but to make it worth his while to be used; to give only to those from whom one can receive; to give in order to get—and to get much more than you give.

## CHAPTER III

### SURVEYING

JAY was about fourteen when he left his father's home. In the town of Hobart, eleven miles from Roxbury, Jay went to school again for a year, working in a country store at the same time. His leaning was toward mathematics, and in his spare time he had made a study of surveying. About that time the opportunity to engage himself to a surveyor in Ulster County came along, and Jay hired out at twenty dollars a month. As Gould's own story has it, the man he worked for was a notorious bankrupt, and Jay had a very difficult time getting his board on credit while on the road. He conceived the idea of making sun-dials for farmers along the route, and augmented his small income in that way.

When Jay's part of the survey was finished, his employer announced himself bankrupt once more, and Jay could not collect his wages. He retained his data, however, and two of the other journeymen on the road proposed to buy him out and bring out the survey under their own names. They finally came to terms, and Jay received five hundred dollars for his interest. It was the

## JAY GOULD

first lump sum Jay had ever received, and was a source of great encouragement.

This unexpected income gave Jay an idea. If his services in surveying for another man could bring such a sum, a complete survey under his own management should be much more profitable. The idea of not dividing with anyone appealed to him. The five hundred dollars he had would give him enough capital in any case to launch the venture, and he decided to chance a survey on his own account.

In the course of his Ulster County work, Jay had met Zadoc Pratt of Prattsville, New York. Pratt owned one of the largest tanneries in the country, and was reputed to be very wealthy. With an eye to the future, Jay had made it his business to meet Pratt on several occasions, and he now addressed him in connection with his plans, writing to him as follows:

Roxbury, January 1st, 1853.

MR. Z. PRATT:

DEAR SIR: I trust you have not forgotten the interview I had with you last summer at Samsonville. I was then engaged in taking a survey of Ulster County, the object a map of the county, which is now complete and in process of publication.

If after you become acquainted with the design of

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the map, costs of taking survey, mapping, and of publishing the map, you feel not unfavorable to the enterprise, I propose with your assistance publishing next summer a map of YOUR native county, Greene. If you will engage with me, I will send an estimate of all the costs, etc. I will put on a view of Prattsville and of some residences whose proprietors offer a proper remuneration.

Write if you feel disposed, and I beg leave to

Remain as ever, yours truly,

JAY GOULD

In spite of its obvious flattery (note the capitalized YOUR) this letter to Pratt did not have the desired effect. However, the negotiations made it possible for Gould to strengthen an acquaintanceship that was later to develop into an important business connection.

While completing his plans for an independent survey, Jay went to Albany to survey the route for a plank road from Albany to Shakers. This job was completed in March, 1853, and Jay was ready for the comparatively large venture of surveying his home county, Delaware. Under date of April 30th, 1853, he broadcast a prospectus to the residents soliciting subscribers to his project.

In connection with his proposed survey, Jay was not

## JAY GOULD

unknowing of the power of the Press. His friend, S. B. Champion, was editor of the *Mirror*, a small newspaper circulating in Delaware County. On his seventeenth birthday, Jay wrote to Champion, inclosing five dollars as a birthday gift to the *Mirror*. "It is small indeed," he wrote, "but I promise to do better in the future. By the way, I think the friends of our paper ought to do something to sustain the enlargement without an increase in price; you may put me down for five dollars annually and during the political campaign. I will send you a list of some of the poorer families to have the *Mirror* sent to."

This rather unfamiliar gesture was not without its sound business basis. The wonder we might express at this openhandedness of the seventeen-year-old entrepreneur is modified by Jay's letter to Champion in August of the same year. In this letter Jay writes, after outlining the Delaware survey plan, "Thus far in this State, without exception, these maps have met with unbounded success, having been liberally and some of them munificently countenanced by the Supervisors and sometimes by individuals. In Delaware County the Supervisors ought to encourage it by having a map for each of the School Districts. I want you to give me an editorial to this effect."

No request for a favor asked by Jay Gould was com-

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plete without the promised compensation. Jay had already learned that it is better to give, if you want to receive. He ended his letter to the editor, after hinting at an advertisement to be inserted in due course. "You may also add my name to your list of subscribers for your paper, which I used to take."

Although subscriptions were encouraging, cash was apparently slow in coming in. Witness this very businesslike note to his sister:

ALBANY, August 15th, 1853

DEAR SISTER. Polly said you wrote to her that you had \$10 that you would lend me if I needed any money. It would prove very acceptable and here:

ALBANY, August 15th, 1853

\$10. For value received I promise to pay to Sarah B. Gould or order Ten Dollars with interest four months after date or on demand.

JAY GOULD

Jay did very little of the actual surveying. While devoting himself to securing backing from important persons of the community and subscriptions from the less prominent residents, he had arranged to parcel out the actual work, which was completed in far better shape

## JAY GOULD

than he could have done it. As a matter of fact, Jay was never a great success as a surveyor. In a letter to Taylor More, a friend, he frankly stated his lack of craftsmanship. "To tell you the plain truth," he wrote in 1854 when the Delaware County survey was being completed, "my education in surveying is made up of the leisure time I had in the tinshop the winter before I went to Ulster, and all I have gained since has been of a practical character; so you see I do not possess a thorough knowledge of the important principles that are involved in this pursuit."

He was then in Roxbury, back to help his father in a shop he had purchased. Jay was greatly devoted to his father. Much as he desired further education, he felt that duty to his father came first. In the same letter, with unquestioned sincerity, he writes to More, "I have long indulged that fortune will throw me in the way of a better education, but as the period seems to be getting farther and farther distant unless I sacrifice a great deal I am fearful I shall never realize it. I intended as soon as my finances would permit to take a course through college, but as my father requires a share of my time here it seems wrong to do otherwise than remain for the present. You are much older than I am," he plaintively adds, "and must then see clearer and stronger the importance of early education." This hope,

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this dream of a formal education, was never realized.

In connection with the survey, Jay undertook to write a "History of Delaware County." There was in the undersized boy a latent love of violence and battle, clearly indicated in his emphasis on border warfare and massacres. Every incident relating to such events is treated with gusto, and such incidents comprise the major part of the work. In its 450 pages, "neatly printed on good paper and delivered at \$1.50 a copy," were included the many battles which marked the first settlements, all in complete and gruesome detail. The author was Jay Gould and the publishers the firm of Keenan & Gould. "This work," they announced, "has already cost a large amount of time and labor. The author has sought out and gleaned from the oldest men living many interesting facts that would soon have been buried in oblivion, and he now asks for cooperation and encouragement of every resident of the county to aid him in bringing it before the public."

Jay's book did not have a peaceful existence. Three times its publication had to be delayed because the printer spelled the name "Gold" on the title page. Jay was very sensitive on this point and sent the proofs back for correction each time. Finally, early in 1856, the book came off the press. From a letter to James Oliver dated April 29th, 1856, we learn that a fire destroyed all

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the unsold copies. "I am under the unpleasant necessity," Jay wrote, "of informing you of the total destruction by fire of my History of Delaware County. . . . If nothing less can be done, I shall set myself hard to work to rewrite it, as you know I am not in the habit of backing out what I undertake, and shall write night and day until it is completed."

The book itself was in no way an important document. Here it is necessary only to note that the name of Zadoc Pratt is mentioned frequently and in flattering terms, not, if we judge our Jay correctly, without a purpose. The style of the volume is well illustrated by this singular passage, describing the anti-rent wars of the early settlers, among whom Jay's father was an active leader:

"The savage horde sprang from their hiding places and with demon-like yells rushed up and surrounded Mr. Gould who was standing with his little son in the open air in front of the house. We were that son, and how bright a picture is still retained upon the memory, of the frightful appearance they presented, as they surrounded that parent with fifteen guns poised within a few feet of his head, while the chief stood over him with fierce gesticulations and sword drawn. Oh! the agony of my youthful mind as I expected every moment to behold him, prostrated a lifeless corpse on the ground!"

## CHAPTER IV

### HIS FIELD BROADENS

WHEN the Delaware County survey had been finished, Jay decided to sell out rather than see the project through. "He sold his Delaware map," writes his sister, "to Smith, his engraver, so as to clear about one thousand dollars free of all expenses. That we consider better than to trust to selling the map himself. . . . If he has only learned how to spend it aright! It is as much to know how to spend money as how to make it." The profit on the map was for Jay at that time a considerable amount, and, while he could probably have made more by finishing the sale himself, he had larger things in mind. He was getting on. The nature of his work had made it possible for him to make many valuable connections with persons of influence, and his ingenuity and industry had everywhere made a good impression. He was being looked upon as a coming young man. The success of his survey and the publication of his book, which, although it had only a small circulation, had given him much favorable publicity, had cemented his reputation.

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Jay's health in these formative years was a source of much trouble to him. Never strong, the exposure and grind necessary to his surveying work had worn him out, and he was often ill. Toward the end of 1854, he had a severe attack of inflammation of the lungs. When recovering, he wrote to Champion, his old friend:

"The Doctor stands over my shoulder and criticizes every movement as an alarming symptom; his orders are for the present—live on soup made of shadows—to say the word map requires a portion of castor oil, and to think or transact any kind of business is equal to jumping into a mill pond in winter time; but I have dismissed their sympathies and regulate my own diet. I find health and strength to improve in consequence." "I regulate my own diet," and so he did, all through life, in mistrust of doctors and all other men.

Belief in his own ways, his own methods, was already a firm characteristic of the youth. Years later, in his last illness with the same disease of the lungs which shadowed all his life and sapped his last strength, he doggedly made a thorough study of tuberculosis in order to find out his true condition for himself. Only when his independent analysis confirmed the doctors' opinions, did he reconcile himself to their diagnoses. The youth Jay Gould, sick, as he often was, but rarely discouraged, ends the letter, "Now, Champ, if you have time to answer

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this, tell me a good funny story. I haven't hardly raised a smile for five weeks."

Of romance, Jay's life was as yet devoid. He is supposed to have had an affection for the daughter of the house in the tinshop where he worked, a romance supposedly ended by his betrayal of the girl's father in a real-estate deal, but of the truth of this story there is little evidence. His own ideas on the subject of matrimony, or at least his public views, we may gather from a letter to a newly wed friend:

"Friend Peter, they say you are a married man, and I should be exceedingly gratified if you would give me a chapter or two on matrimonial felicity, that strange uneven sea of human existence upon which I never expect to embark myself. So tell us all the secrets, Peter, and much joy to my old and true friend; indeed, you have my best wishes for a long and prosperous life and a ripe old age, which your industry and prudence so well deserve, and if you ever get in trouble I will divide my last shirt with you."

For light romances Jay had never the temperament nor the time. In all of his letters to his relatives and most intimate friends, we find no mention of even a passing fancy. The urge for material accomplishment, the drive for money and power, left him room for little else. Just now, he was absorbed in an attempt to secure a closer

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connection with Zadoc Pratt, with whom he had been in contact for some years. Jay was now twenty years old. His success had been uniform, but on a small scale and in a limited field. He felt his development sufficient for larger enterprises, and his chance came through Pratt, whose friendship he had been assiduously cultivating for a long time.

## CHAPTER V

### INVENTION

ACCORDING to Sombart, there are four ways of acquiring money. The central motive might be force, or magic, scheming and invention, or the possession of money. The advice of one poet to young noblemen desiring wealth was to prow! about the forest and lie in wait for the burgher with his well-lined purse. The lack of forests and the plenitude of banks had made this method, in 1857, rather risky and impracticable. The advance of scientific knowledge had spoiled the pleasant illusions of the alchemists. Gold-making never tempted Jay Gould: it was alluring, but not promising; gold-digging was much in vogue, but it was too physical. Acquiring money by the possession of money was, of course, as yet out of the question.

The only method left to Jay was, therefore, scheming and invention, and to these methods, embroidered with all the modern applications of a newly organized capitalistic country, Jay assiduously applied himself.

When he was seventeen, in his efforts to gain wealth, he had tried invention. It was a little mousetrap which

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engaged his attention, an ingenious contraption which reflected the mind of the growing boy. There is something characteristic in the device Jay chose for his inventive energies. Cruel, ingenious, and practical, the little trap mirrored Jay Gould as the world later came to know him; but there the comparison ends, for the trap failed to bring him success and riches. Jay brought the invention to New York, and his experience there he tells with evident relish; we give the story in Jay's own words:

"I was ambitious and had brought a little thing with me which I was sure was to make my fortune and revolutionize the world, and you will smile when I tell you it was a mouse trap. It was in a pretty mahogany case which I carried under my arm. I went into a Sixth Avenue car, I think, and every now and then I ran out on the rear platform to see the buildings, leaving the case containing the mouse trap on the seat. When I got to the street where I was to get off, the mouse trap had disappeared. I turned to the conductor and said:

" 'What has become of my box?'

" 'Was it yours? Why,' replied the conductor, 'a man who got out and turned down the last street carried it off. If you run, you will probably catch him.'

"I ran and caught him. He was a great, strong fellow, but I collared him. I really regretted that I had done so,

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and tried to let him go, but the fact is, one of my fingers caught in a buttonhole of his coat, and before I could get off there was a crowd around us and a policeman who took us both to the police-court."

As it turned out, the thief was a notorious criminal and his prominence caused the New York Herald to give the incident half a column. It was the first notice of Gould's name in a metropolitan newspaper, and his last mention as the victim.

The business of inventing having proved not entirely alluring, Jay had since confined himself to surveying activities. Now, at twenty-one, with the small but certain success of his independent surveys behind him, he was ready for larger things.

## CHAPTER VI

### THE LEATHER BUSINESS

FOR some three years, there had been a growing friendship between Zadoc Pratt and Jay Gould. Pratt had been taken with Gould's industry and energy. To the time of his retirement the owner of the largest tannery in the country, Pratt had become nationally known as a power in politics. He was one of the earliest advocates of free postage, and when serving in Congress had moved the establishment of the Bureau of Statistics. In 1845, Pratt retired from active business life to devote himself to politics and reform. Now, at the age of seventy, he lived in comparative retirement at Prattsville. With instinctive foresight, Gould had been developing his relations with Pratt. He had been careful to mention Pratt's name in everything he wrote, with no fear, we may be sure, of incurring Pratt's displeasure.

The old man came to look upon the undersized youth as his protégé. He was proud of Gould's accomplishments and growing local reputation, and proposed that he enter into the tannery business with him. Pratt made

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a most generous offer. Jay was to find a site for a tannery, erect and operate the plant, have entire charge of all activities and was to trouble Pratt only for general advice and approval. In turn, Pratt would supply the entire capital, and make Jay an equal partner in the enterprise. It was a rare opportunity for Jay, and he set out to make the most of it. The extent of the opportunity exceeded his expectations. It was a rare stroke of luck. He was to be the recipient of a generous old man's last gesture.

The day after Pratt's proposal, Jay started for Pennsylvania to find a location. He found that the Delaware, Lackawanna & Western Railroad had just been completed and had some large tracts of hemlock timber for sale. Hurrying back to Prattsville, he secured approval of the contemplated purchase. This quick action once more impressed Pratt. He agreed to invest up to \$120,000 in the firm, and told Jay that he wanted the new location to be called Gouldsboro.

Initial efforts came up to Pratt's expectations. Making all the contracts himself, the twenty-one-year-old youth rounded up sixty men to help him start the plant. The land was all woods, and Jay cut down the first tree himself. A sawmill was erected, and a blacksmith's shop built. In this shop, Jay slept on a bed made of hemlock bark. Encouraged by Jay's activity and success, Pratt

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made little effort to keep in touch with the firm. With ample capital at his disposal, the energetic Jay had built the largest tannery in the country. Things seemed to be going very well, and Pratt's occasional visits became rarer. His primary purpose in going into this enterprise was to give Jay a chance, and the latter's success seemed to make close supervision unnecessary.

Gould was fast becoming a figure in the tanning business, and his frequent trips to New York had made him well known in the "Swamp," the center of the leather trade. As a young man of undoubted success and still more promising future, he was very favorably known among New York leather merchants. His progress in less than one year had been remarkable. The tannery was doing a rushing business, and was always at capacity. Profits, however, were very small. Then Pratt came on one of his rare visits, and went over the books.

The result of the honest old tanner's investigation was a demand upon Gould to buy Pratt out or let Pratt purchase his share in the tannery. There was apparently no answer to Pratt's charges of very original bookkeeping, for Gould went to New York to hunt a purchaser for Pratt's share, the agreed valuation of which was sixty thousand dollars. Pratt's confidence in Jay had been utterly destroyed, and we must wonder at his decision in permitting Gould to retain the tannery and

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take a loss of sixty thousand dollars as the reward for his initial generosity.

Gould had not the temperament to meditate on the fine question of the ethical proprieties of the situation, for the excellent sentiment of his final composition at Beechwood Seminary was utterly forgotten, even if it had ever been sincere. His immediate job was to get a purchaser for Pratt's share, and he was not slow in finding one. Among the larger leather merchants Jay had come to know in New York was Charles M. Leupp, a merchant of the old school ever insistent upon personal integrity. To the time Leupp agreed to enter into partnership with Gould, his life had been a steady succession of sturdy and profitable ventures. His home on Madison Avenue and Twenty-fifth Street was probably the handsomest mansion in New York.

How Jay managed to gain his complete confidence in so short a time, we do not know. Gould himself has said that it is just as easy to obtain the acquaintance and secure the friendship of the most powerful as of the most insignificant, if only one will set about it in the right way. In this case, Gould certainly did, for he left New York with Leupp's engagement to purchase Pratt's share in the tannery for sixty thousand dollars. Gould had not troubled to tell Leupp that he had started a private bank in Stroudsburg, and that Pratt had caught

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him using the firm's funds in its operation. The charm that attracted John Burroughs was apparently strong enough to attract Charles Leupp.

In this case it led Leupp to a fatal decision; for it was not long after their partnership was formed that he discovered that Gould had bought another tannery, and, using Leupp's name, was attempting to get up a "corner" in hides. Gould was continually drawing upon Leupp for money, and the older merchant decided to go down and look things over. His trip disclosed Gould's speculations. The conservative Leupp was very much frightened. His name had been used, and he feared the extent of his commitments. Meanwhile, the panic of 1857 had swept the country and unsettled business conditions. Leupp's other interests were seriously threatened, and this added shock was a fatal blow. He saw a successful and honorable life ended in disgrace and ruin. In a fit of despondency, after a stormy interview with Gould, he shot himself. In the excitement of Black Friday, years later, when thousands thought themselves ruined by Gould, the crowds around the Gold Exchange took up the cry, "Who killed Leupp?"

Leupp's suicide was a shock to Gould, but no deterrent to action. He realized that there would be a struggle for control of the tannery, and hastened to Gouldsboro to take possession. A son-in-law of Leupp's by the

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name of Lee undertook to protect the family interests. Relations between Gould and Lee were never cordial, but they managed to come to a working agreement calling for the purchase of the tannery by Gould for sixty thousand dollars, payable over a long period of years. It was apparently agreed that interest should be paid by Gould, but no such clause was included in the final draft prepared by him. Lee considered this omission a breach of faith, and, feeling that he might be further tricked, decided to take Gouldsboro by force. Jay got wind of Lee's plans and organized a force of fifty men to hold the tannery. Armed with rifles and organized into military formation, Gould's little army was further reinforced with a generous supply of oysters and wine. Here was the great-grandson of Captain Abel Gold of the Continental Army, and we leave him to give his own dramatic account of the battle as reported in the New York Herald of March 16th, 1860.

"I quietly selected fifty men, commanding the reserve to keep aloof. I divided them into two companies, one of which I dispatched to the upper end of the building, directing them to take off the boards, while I headed the other one to open a large front door. I burst open the door and sprang in. I was immediately saluted with a shower of balls, forcing me to retire, and I brought them up a second or third time and pressed them into the

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building. By this time the company at the upper end of the tannery had succeeded in effecting an entrance, and the firing now became general on all sides and the bullets were whistling in every direction. After a hard-contested struggle on both sides, we became the victors, and our opponents went flying from the tannery, some of them making fearful leaps from the second story."

When the fighting was over, Gould retained possession of the property, but it did him little good. Lee started a series of lawsuits which tied up the tannery and destroyed its business. Realizing that the property was fast becoming valueless, Gould determined to abandon it and go to New York for a fresh start.

## CHAPTER VII

### EARLY MANIPULATIONS

**G**OULD was now twenty-four and not in a much better position than when Zadoc Pratt made him the recipient of his misplaced generosity. He had perhaps two or three thousand dollars, which he managed to save out of the tanning business. The Pratt incident was not generally known, but the suicide of Leupp and the litigation with Lee had been given sufficient publicity to make it impossible for Jay to get a connection in the leather business. A subordinate job was out of the question, and Jay was faced with the real problem of placing himself.

Across the street from the Everett House, where Jay lived, was the residence of Philip Miller, a wealthy grocer and partner in the firm of Dater & Company. It is said that Jay's acquaintanceship with Miller's daughter, Ellen, was started by a chance flirtation. In any case, Jay in spite of the fact that he had no business or social connections in New York, was able after a brief courtship to gain the consent of Ellen's father to marriage. This developed into a lifelong union, a happy and

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charming relationship, and also enabled Gould to get into active business life again.

Jay's father-in-law was a man of diverse business interests. Some years previously, he had been induced to buy a large share in a sixty-two mile railroad running from Troy, New York, to Rutland, Vermont. The Rutland & Washington Railroad was in its last stages of decay. The stock of the road was worth nothing, and the first mortgage bonds were selling at 10 cents on the dollar. Miller sent Jay up to look things over, more to give his son-in-law something to do, rather than in hope of retrieving anything from the investment. Jay was familiar with the territory; he had been reared in the vicinity, and as a surveyor had covered a large part of the ground. After several weeks spent in going over the road, Gould reported back to Miller that the trunk road had possibilities under proper management, and asked his father-in-law to lend him enough money to purchase control. Eager to give Jay a start, Miller consented, and Gould at twenty-four became President, Secretary, Treasurer, and Superintendent of the line. His idea was to build up the little road and then attempt to sell it to one of the numerous railroad consolidations then being arranged. His management of the road must have been excellent, for within a few months the managers of the Rensselaer and Saratoga combination pur-

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chased Gould's road for \$130,000, the larger part of which was profit.

Jay had started out in the railroad field with a bang, and from that day to the end of his life considered himself a railroad man. We do not have many details of Gould's first coups. He was still working entirely alone, and not on large roads. He saw great possibilities in this field of buying up small trunk roads and selling them to large consolidations. Another opportunity came to him in the same year. A friend told Gould that he had bought up control of the Cleveland & Pittsburgh Railroad, but could not meet his notes. The stock had been bought at \$60 a share, but lack of support had brought it down to \$40. Jay made a quick investigation and, using the profits from the Rutland sale, bought fifty-one percent of the road from his friend at \$40 a share. This line paid dividends from the start, but Jay, instead of trying to build it up as a permanent business, began to look around for a purchaser. Fortunately, the Pennsylvania Railroad needed the Pittsburgh & Cleveland to complete its system; in fact, needed it badly enough to buy Jay out at \$120 a share.

He had found his lifework. He liked railroads. His sister tells how he planned a transcontinental line when he was thirteen. Surveying had put him into close touch with the building of roads, but this was too slow in

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results. His first attempt had given him confidence and a comparatively large capital. Inside of one year he had made a net profit of over \$100,000. For dealing on a large scale the best place was Wall Street, and so, in 1861, the newly painted sign of SMITH, GOULD & MARTIN, brokers, announced that Jay Gould, then just turned twenty-five, had come to join the speculative fraternity.

## CHAPTER VIII

### THE ERIE RAILROAD

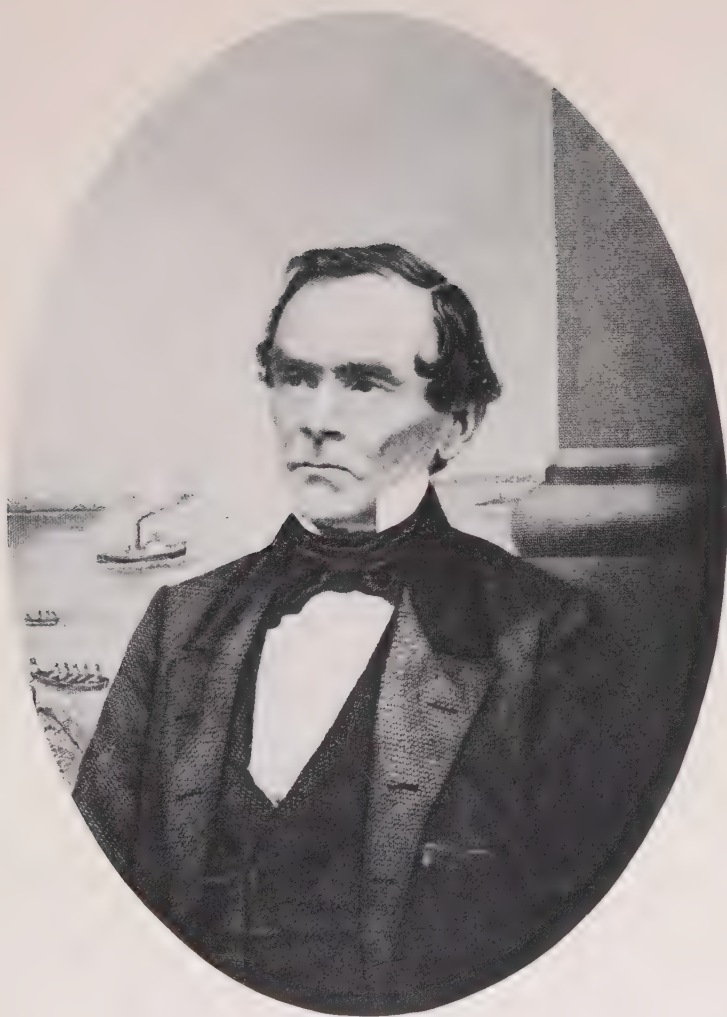
JAY GOULD had all the gambler's qualities without his two great faults—generosity and pity. There is no mart where the perfect gambler's expertness is better tested than in Wall Street, and there have been few times more necessary for the successful practice of such expertness than in 1861. As Daniel Drew put it, "Along with ordinary happenings, we fellows in Wall Street now had in addition the fortunes of war to speculate about, and that always makes great doings on a stock exchange. It's good fishing in troubled waters."

New Yorkers were as patriotic as the rest. At first, in the talk of war, there had been some question as to New York's stand. Fernando Wood, the Mayor, was for New York becoming a free city. "Why should not New York City," he said, "instead of supporting, by her contributions in revenues, two-thirds of the expenses of the United States, become also equally independent?" But Lincoln came to New York and made a speech in Cooper Union. Shots were fired at Fort Sumter, and

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New York forgot Wood's message and stood with the rest.

Jay Gould did not join in the yelling. He was not unpatriotic, but neither was he a rabid patriot. The Civil War was a great chance, and he got to the task of making money out of it. He was not yet one of the insiders. He had a certain standing in the Street as a clever trader, but was making money in small parcels. A trade, a pool operation, or a manipulation of stocks on the basis of purchased advance information on the outcome of a battle were the extent of his wartime activities. His partners in Wall Street, Henry Smith and H. H. Martin, were active figures, but not of sufficient caliber or prestige to command valuable inside information or control. Gould slowly drew away from them and near the end of the Civil War was already making connections with the bigger men in the Street, such as Daniel Drew. The firm name of Smith, Gould & Martin continued for a long time, but it was merely a nominal partnership. Gould's outside interests became more extensive with time, until finally the partnership was dissolved. The fate of his first associates on Wall Street was the fate of all who came too close to Gould and did not watch closely enough. Martin died bankrupt in an insane asylum, Gould's sworn enemy, and Smith was



DANIEL DREW



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later broken and forced from the Street after an open operation against his former partner.

One of the largest and most unscrupulous operators in Wall Street in 1865 was Daniel Drew. He was born in 1797 in Putnam County, New York. Like Gould, he came of poor parents and his early life was one of hardship. Of education he received little, but, unlike Jay, never felt its lack. As a boy, his favorite motto was, "If a cat would eat fish, she must be willing to wet her feet." Daniel was the kind of cat that wanted fish very badly and didn't care how wet his feet got. He was in turn circus man, drover, and innkeeper. As a circus man he got religion, and to the end of his life this intense interest alternated with his absorption in the manipulations of Wall Street. He loved to hear hymns and to sing them, this pious fraud, and life was made sweeter for him when he heard:

"Far in the deep where darkness dwells,  
A realm of horror and despair,  
Justice has built a dismal hell  
And laid her stores of vengeance there."

Daniel Drew was a great success as a drover, and was soon buying cattle on a large scale. Driving down

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the Harlem Valley one day with a herd of cattle, he came upon an idea that helped to make him wealthy and added a racy expression to the Wall Street vocabulary. Henry Astor, John Jacob's brother, was one of the largest butchers in New York and an important customer for drovers. Drew had not been very successful in selling him, because Astor wanted fat cattle, and Daniel's cattle, like himself, were lank and lean, bought cheaply and starved. Crossing the Harlem at the King's Bridge, about where Third Avenue now crosses 125th Street, Daniel put up for the night. When all the cattle boys were asleep, Drew went out to the drove in the pasture and emptied sacks of salt on the ground. By morning, the cattle were choked for water. In the meantime, word was sent to Henry Astor that Drew was on his way with some prime cattle and to meet him at noon. Not a drop of water did the cattle get till they reached the Bull's Head Tavern shortly before Astor arrived. Then they were let loose; the salt had done its work, and they sucked up the water like sponges. By the time Astor came out to look, a plump lot of cattle were there to meet him. Astor tried to hide his enthusiasm, but Drew got three cents a pound for cattle that weighed up exceedingly well. The term "watered stock," Wall Street took from this drover's trick.

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As one of the richest drovers in the business, Drew bought the Bull's Head Tavern, the center of the butcher's trade in New York. Soon a steamboat owner, Drew fought Commodore Vanderbilt, his greatest competitor in the business, and did not come out badly. From a small banker for drovers, Uncle Daniel branched out as a broker in Wall Street and formed the firm of Drew, Robinson & Company. Like Vanderbilt, Drew saw the possibilities in railroads, and by 1861 had become a power in the Erie, then one of the most important systems in the country.

It was in the operation of this road that Jay Gould first became associated with Drew, his first large opportunity to get in on the inside of a large railroad.

The Erie Railroad was organized in 1833, but financial difficulties had prevented its completion until 1851. Its early operation was not successful, and in 1859 it passed into the hands of a receiver. The road might probably have been abandoned by its American originators had not English investors come forward with help. For some reason, Erie always had a curious fascination for English investors, and through all its troublous times a large English interest stood by and helped to pull it through its difficulties. During this trying period, Daniel Drew managed to force himself in as a member of the Board of Directors. Starting rumors

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of the road's difficulties, Drew managed to force Erie stock down from sixty-three to thirty-three dollars a share, then offered to lend the road as much as a million and a half, on condition that he be made a director. Operating from the inside, he forced the stock up and down almost at will, and it soon got to be a saying in the Street, "Daniel says 'Up!' Erie goes up. Daniel says 'Down!' Erie goes down. Daniel says 'Wiggle-waggle!' it bobs both ways!"

By 1868, the Erie had expanded to 773 miles of track and its reserve was something over sixteen million dollars. It was a valuable and profitable property, in spite of Drew's football tactics. The road was paying dividends, but Drew was making more on the Erie from his Wall Street operations than the road on its legitimate operation. He was giving a slice of his profits to the Lord, but in spite of the split he was already a millionaire. {At the height of his power, Drew took Jim Fisk and Jay Gould into the management of the Erie. It was not long afterward that the Erie became known among the brokers as "The Scarlet Woman of Wall Street."}

Jim Fisk had dropped into Drew's office at 22 William Street one day and announced that he, "James Fisk, Jr., of New York and Boston, Jim Fisk, as the boys call me," had come to help Drew sell some Ston-

## THE STORY OF A FORTUNE

ington Railroad shares Drew owned, at a considerable profit. Fisk named a high price, and he knew where to sell them. On first impression, Drew didn't like Fisk's manners. Fisk was the sort of jovial person who would call a parson "oldtimer" the first time he met him (Drew considered himself as a sort of honorary parson), but the promised profit seemed too good to let slip because of personal dislike, and he told Fisk to show him. Jim Fisk did, and it started a connection with Drew that continued for many years. We will let Jim Fisk introduce himself. He is telling Daniel Drew his story at their first meeting:

"I'll give you the whole pedigree, if you want it. I'm from Vermont—one of your Green Mountain boys. I was a peddler up there. Got to be the Prince of Peddlers. That's what they called me. My father was a peddler before me. Everybody around Bennington knows my father; but they know me a sight better. I put my father in the shade before I'd been a peddler six months. I'm one of the go-ahead sort; never was cut out to be a moss-gatherer. It's push with me, all the time; and if you want to intrust me with the sale of this railroad stock of yours, I'll prove it to you. Up there in Vermont I had hardly started out before I had a peddler's wagon with four horses. 'Jobber in silks, shawls, dress goods, jewelry, silverware, and Yankee no-

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tions,'—that's the way my sign read. To see me come into a town, you'd have thought the circus had arrived. In fact, I got the idea from a circus I used to travel with, Van Amberg's—that was before I became a peddler."

Drew and Fisk got to talking about old circus days, and Drew was more receptive to the rest of Fisk's story. Jim Jubilee did so well with his wagons that the firm of Jordan, Marsh & Co. in Boston gave him a job as traveling salesman. His firm had a lot of blankets on hand that it couldn't move. Fisk offered to get rid of them. Through a woman acquaintance in Boston, Fisk got letters to several men of influence in Washington. The Civil War had just begun, and Fisk disposed of the whole lot at a very high figure. He went back to Boston and asked to be taken into the firm. The conservative house of Jordan-Marsh was not enthusiastic at the proposal until Fisk informed it that he had made the contract in his own name. A large sum was involved in these contracts, and Fisk was given a partnership in exchange for turning them over to the firm.

"But," Fisk relates, "our partnership didn't turn out very scrumptious. Those Boston merchants are so all-fired respectable! They are too conservative. They think the good name of the house with smaller profits is worth

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more than a smaller name with bigger profits. We didn't hit it off well together, and the upshot was they very soon asked me to leave. I did—for a remuneration. They paid me sixty thousand dollars to get out. I started in the drygoods business myself, at the corner of Sumner and Chauncey Streets, Boston; but it didn't go. Came to New York with what money I had left. I started in as a Wall Street operator. Result, lost every cent I had. This was a year ago. Had a silver watch—nary another thing. I was as flat as a nigger's nose—am yet, for that matter; but I'm going to be a rich man yet. They can't keep me down. And I have come to you, Uncle, with this Stonington proposition. It'll help make you richer, and it'll bring something to Jim Fisk, too."

Fisk handled the Stonington stock sale to such excellent advantage that Drew decided to enlist his services. A son of an old camp-meeting shouter, a great friend of Drew's, was more or less under Drew's protection, and Uncle Daniel proposed that Fisk and Henry Belden form a stock-brokerage firm. Drew promised to give the firm a good share of his business. Fisk jumped at the chance and the firm of Fisk & Belden was formed. Fisk thus became Drew's broker, and was his aid in several large manipulations, particularly in juggling the dependable Erie stock.

For a long time, Daniel Drew had been having his

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own way with the Erie. For the last five years he had been the ruling spirit in the road and the uncontested manipulator of its Stock Exchange fortunes. His success was beginning to attract other financiers to the Erie, the most formidable of whom was Commodore Cornelius Vanderbilt, Drew's Wall Street enemy. Along about 1866, Vanderbilt publicly announced that he would get control of the road and throw Drew's crowd out. He said that Drew and his associates were nothing but common gamblers, and that he would see to it that Erie was put into safe hands. Cornelius set out to make an honest man out of "The Scarlet Woman of Wall Street."

In the meantime, Jay Gould had been worming his way into the inner sanctum. As a broker, he had specialized in Erie, and through his customers controlled a large block of stock. He was slated for election to the Board of Directors. Drew, lining up his forces for the coming fight with Vanderbilt, needed all the help he could muster. He took Jay in as a member of the board, and they allied their forces. By the end of 1866, Drew, Fisk, and Gould were organizing together to meet Vanderbilt's attack on the fruitful Erie. The stage was set for one of the most bitter and amazing financial struggles in Wall Street history.



JAMES FISK, JR.



## CHAPTER IX

### THE ERIE RAIDS

**T**O-DAY the Stock Exchange stands in the role of parent referee to the men who choose this merciless arena for the exercise of their acquisitive activities. Just as now the tuxedoed referee calmly enforces the polite rules of the man-killing sport, so now the Marquis of Queensberry rules lend the aroma of respectability to the tactics of the Wall Street fraternity. In 1868, bare knuckles were more the way of the Exchange, and Vanderbilt, Drew, Gould, and the rest recognized few of the present-day rules. Judges, legislatures, officials, even governments, were legitimate allies. Bribery, perjury, and forgery were not uncommon tools. And yet the men, in private life, were as good as the next ones. Vanderbilt did not feel his Wall Street life inconsistent with his firm ideas of fair play and sportsmanship; Drew did not think that religious endeavor deprived him of the opportunity for legitimate stealing; nor did Gould feel that a ruthlessness below Canal Street was unbecoming in a man exceptionally gentle and kind in his personal relation-

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ships. It was the game, and there never was a time when the game was more merciless or cruel.

What has been said of Rockefeller may be said of all these men who, if only for a time, appeared upon the top of the heap. They must know how to glide over every moral restraint with almost childlike disregard. So necessary is this ability, that John D. Rockefeller, master of this negative trait, has said that he was willing to pay a substitute a salary of a million dollars, if, besides other positive qualities, he had no scruples whatsoever, and was ready to kill off thousands of victims without a murmur.

The Erie wars, beginning in 1868, astounded a helpless community, looking on as the giants of the financial world fought one another with legislatures, judges, and public officials as ammunition. In the beginning of the fight, Jay Gould was merely Drew's assistant, but in these battles he became for the first time a figure in his own right, and toward the end it was he, and not Drew, who was Vanderbilt's main antagonist.

Cornelius Vanderbilt was the outstanding railroad man of the time; just as Daniel Drew was by nature a "bear," so was the commodore by nature and preference a "bull." Hearty and buoyant of temperament, a lover of horses and of life, Vanderbilt was a brilliant gambler and a powerful enemy. Up to 1867, when the Erie wars be-

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gan, his way had been all success. He owned the Harlem, Hudson River, and New York Central roads. Outside of the Erie, he virtually controlled all eastern transportation. He was out to absorb the competition, no matter what the cost—and he set about the plan in his characteristically direct manner. In his financial maneuvers, he was to face more powerful enemies than he had ever met before. The triumvirate of Drew, Fisk, and Gould were not afraid of giving fight to Vanderbilt. Vanderbilt's campaign was an open one. "Buy Erie," he told his brokers. "Buy it at the lowest figure you can, but buy it." There was in Vanderbilt a ruthless, merciless energy that moved forward over all obstacles, an energy that seemed to have in it an element of fate. His ambition was to make himself absolute lord of the railways. The triumvirate stood in his way, and he set out to annihilate them.

The election for the new Board of Directors of the Erie Railroad was scheduled for March, 1868. Proxies were, as always, for sale. The Cæsar of the railroads took in as an ally a combination of Boston capitalists who controlled the Boston, Hartford & Erie Railroad, a feeder and connection of the Erie. The commodore's natural arrogance had been intensified by his long succession of victories, and the refusal of the triumvirate to come to terms, roused in him a potent wrath. To buy control

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of Erie meant buying up its stock, which was almost all in the Street. It was a tremendous task, and required millions of dollars. Besides, it was necessary to buy control in the face of the organized resistance of the men actually in control. Vanderbilt was not daunted. He proceeded to corner Erie stock.

On February 17th, Vanderbilt started the legal side of the battle by securing an injunction against the directors of the Erie restraining them from the payment of interest or principal of three and a half million dollars borrowed from Treasurer Drew in 1866. This injunction was granted by Judge Barnard of the Supreme Court of New York. Two days later, Vanderbilt's attorney appeared again before the reliable Judge Barnard and petitioned for the removal of Drew from office. Barnard complied by temporarily suspending Drew as an officer and director, pending a hearing. Several other injunctions and writs were secured, one of them requiring Drew to return to the Erie sixty-eight thousand shares of Erie stock alleged to have been illegally issued in 1866.

To these numerous court orders, the Drew party paid no attention. Announcing Barnard as a Vanderbilt tool, Drew proceeded to Binghamton, where Drew's own favorite Supreme Court wearer of the ermine, Judge Balcom, held court. Under a judicial system permitting

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thirty-three judges of equal authority to entertain original actions all over the state, it was not difficult to obtain a conflicting order. Judge Balcom issued numerous injunctions against Vanderbilt and his party, as inclusive as were Judge Barnard's. Into the details of these orders, we will not enter. Vanderbilt paid no more attention to Judge Balcom's rulings than did Drew to Judge Barnard's. Vanderbilt went on purchasing all the Erie stock he could get, and Drew went on selling it to him. The strange writs and meaningless injunctions were meant for the public. The business of appealing to the law was, in effect, a play to the gallery. The real business at hand was handled regardless. The injunctions became so plentiful at one time that the Drew party found themselves completely enjoined; on the one hand by an injunction forbidding them to move, and on the other by a mandatory injunction (a recent legal invention) ordering them to act. What they were to do or not to do was not very clear to anybody, but it seemed like a good moment to start the shooting.

While the commodore was pouring millions into the purchase of Erie stock, Drew's party was selling. The smaller Wall Street men, remembering the Harlem Railway corner, in which Vanderbilt cornered the stock and held it at a ruinous price, wondered how Drew would come out. Drew, Gould, and Fisk had apparently

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sold more Erie stock than was in existence. Vanderbilt had bought up every share on the market, and it began to look as if Drew and his young men were in for a very tight squeeze; but the smart youngsters and the wily parson had the ace of trumps in their sleeve.

At the beginning of the battle, Drew had prepared for this moment. At one of the earlier meetings of the Erie board, there had been voted an issue of ten million dollars of convertible bonds, the proceeds of which were supposed to go into replacing the iron rails with steel. The Executive Committee, controlled by Drew, had voted to sell the entire amount of these bonds at not less than 72½. It was on the basis of this issue that Drew had dared to sell thousands of shares he did not own. Within ten minutes after the committee adjourned, five million were placed on the market, and Daniel Drew's broker was the purchaser of the entire amount. Immediately the bonds were converted into common stock, and fifty thousand shares were at Drew's disposal, which were distributed to his several brokers for sale to the commodore. Inside of three days, the other fifty thousand shares were on the market, and Erie stock became as plentiful as injunctions, but not quite so cheap. Vanderbilt dug in and bought, bought, bought. On the 20th of March, 1868, Erie opened at eighty dollars a share and rose to eighty-three; suddenly fifty thousand

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shares came on the market, and it dropped to seventy-one. Vanderbilt bought, more and more. When the gong sounded, Erie stood at seventy-eight. By the close of the day, Vanderbilt had a new lot of one hundred thousand shares of Erie, and Drew and his party had more than seven million dollars of the commodore's money. The printing press had stopped Vanderbilt's attack.

"Well," chuckled Jim Fisk, "that injunction of the commodore's was aimed at the freedom of the press. As freeborn Americans, we couldn't stand for that. Give us enough rag paper, and we'll hammer the everlasting tar out of that mariner from Staten Island." The tenth of March saw Vanderbilt reeling from the shock of the unexpected attack. We will let Daniel Drew give his account of that exciting day:

"The president of the board called out the shares of the various railroads in usual order: 'Union Pacific! Wabash! New York Central!'—he met with a dead silence. Then he called out 'Erie!' Things broke loose at once. One of our brokers jumped out on the floor and offered a block of one thousand shares; he followed this up with another thousand; that with another, until he had offered five thousand shares of Erie—wanted to sell them right then and there. Vanderbilt's brokers took the first two or three thousand blocks cheerfully; but it was noticed that they looked surprised. Then, almost

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before our first broker had gone through, another sprang forward and offered blocks of Erie for sale, ten thousand in all. Our first broker followed up with five thousand more (that made up his ten thousand). Still another of our brokers came and helped push along the landslide. He yelled out, 'A thousand shares of Erie for sale! A thousand more of Erie! Five thousand shares of Erie!' And so on, until his ten thousand shares were offered.

"By this time the Vanderbilt brokers were scared out of their wits. They got into communication with their master. They sent the message, 'Hell has broke loose!' to him. 'Thirty thousand shares of Erie have come raining down on us in the last half-hour, with more coming out every minute. What shall we do?' All the answer he gave was, 'Support the market.' As he didn't seem at all flustered, his brokers got courage and took our offerings. They succeeded in absorbing the whole fifty thousand shares without letting the market sag more than a point or two.

"But now came the death stroke. These deliveries of stock were made right away. As soon as the exchange saw that these certificates were crisp and new, with the printer's ink hardly dry on them, the secret was out. In defiance of Vanderbilt's injunction, we had set our printing press to work.

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"The landslide broke loose; for if we had been able to cut the legal red tape with which Vanderbilt had tried to tie our hands, had found a way to start the printing press to work once more—why, it was goodnight to the commodore, because there is no limit to the blank shares a printing press can turn out. White paper is cheap—it is bought by the ream; printer's ink is also dirt cheap; and if we could keep on working that kind of deal—make Vanderbilt pay us fifty or sixty dollars for little pieces of paper that hadn't cost us two cents, we would very soon have all of his cash.

"It was, I guess, the darkest hour in Vanderbilt's life. He had staked his reputation and a good share of his fortune on this Erie fight; and now we had suddenly unmasked a battery that was pouring hot shot into his ranks thick and fast. No wonder his followers began to desert him. There was a small-sized panic all through the Vanderbilt party. Until now they had looked upon their leader as able to take care of them. Some had begun to think that he was a sort of supernatural person, but now he was no longer the high and mighty one.

"This was the moment we had been waiting for. In war it is good generalship to know when to strike. We now dumped the other fifty thousand shares on to the floor of the Exchange all to once. The price, which had been at eighty-three, dropped like a dead heifer. It was

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as though the bottom had fallen out. Down and down and down it went, clear to seventy-one. Considering the numbers of shares involved, and the size of the transaction, it was the biggest stroke Wall Street had ever seen. The commodore himself wasn't able to stand out any longer. The price rallied a little before the day was over, for it was seen that he wasn't as yet entirely swamped; he took all the stock that we offered, even the last fifty thousand, and paid over his good cash for it. But the market had made a fatal break. Nothing he or his friends could do would bring it back again, and the day closed with me and my crowd gloriously on top."

Vanderbilt was in the tightest position of his stormy career. He had one hundred thousand shares of Erie nobody would buy, and which he dared not sell. He had put into the struggle every dollar not tied up. With opponents as unscrupulous as they were resourceful, he could not estimate what further load he might be called upon to carry. He talked horse and played whist with his usual confidence, but there was no question that he was seriously troubled.

It was on March 10th that Drew, Gould, and Fisk had raked in Vanderbilt's seven million. On the morning of the 11th, the tricky triumvirate met in the Erie Railroad office to count their profits. Of the money they had raked in from Vanderbilt, four million was in green-

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backs, and they set to tying the money into bundles. It was a happy party until a messenger came to inform them that process for contempt of court was being issued, and Ludlow Street Jail was in sight. Vanderbilt was on the trail, and vowing to clap them all into jail before the sun went down that night. It was a foggy day. "There's no sun to go down, anyhow," said Jimmy. "For heaven's sake, shut up!" said Jay. "It looks as though we woke up the wrong passenger," said Daniel. "We have got to do something and do it almighty quick."

"I'll tell you what I'm going to do," said Jimmy. "I'm going to get my share of this swag over to Jersey in about two jerks of a lamb's tail; also I'm going to live there myself for a while. Up in Brattleboro in my kid days, I used to see people avoid interviews with the sheriff by crossing the bridge over the Connecticut, and once there they would let the Vermont sheriff whistle for them. I always did like the air of Jersey, and I've been working pretty hard, anyway. A little rest would do me good."

"Agreed," said Daniel and Jay, and the three started off on a very strange pilgrimage. With pockets crammed with securities and account books under their arms, the dignified Executive Committee of the Erie Railway rushed off in the direction of the Jersey ferry. In a hack-

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ney coach accompanying them was four million dollars worth of greenbacks. Jim Fisk liked to refer to them as the commodore's "birthday cards." By ten o'clock the Executive Committee of the Erie was safely on the Jersey shore, out of the grasp of Vanderbilt's judges. Safely settled in Taylor's Hotel, the trio made plans to stay on the Jersey side for awhile. Rumors came across the river that Vanderbilt, desperate and violently angry, was sending fifty men over to kidnap the triumvirate and get them back into the jurisdiction of his New York judges.

Taylor's Hotel in Jersey City became Fort Taylor. Daniel Drew called in Chief of Police Fowler, and organized fifteen police as an armed guard. Inspector Masterson of the Erie Railroad supplied a force of railway detectives to patrol the wharves and the streets around the hotel. Three twelve-pounders were mounted on the piers, with the Hudson County Artillery in reserve. Jim Fisk became the "Admiral." Four lifeboats, manned by a dozen men each, armed with Springfield rifles, were put under his charge to guard the waterfront. Jay Gould operated the railroad, and had all the division heads report to him at Taylor's Hotel. The Erie was incorporated as a Jersey corporation, and notice was served on Vanderbilt that the fight was to a finish. Gould also announced that the passenger rate from New York to

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Buffalo would be five dollars instead of seven, in an attempt to embarrass Vanderbilt's New York Central. Nothing was left undone to harass and frighten Vanderbilt into some sort of compromise. A bill was introduced in the New York legislature legalizing the issue of stock brought out with the aid of the friendly printing press. Jay Gould made a secret trip to Albany in an effort, with a little persuasion and a lot of cash, to push the bill through. The ups and downs of the bill, designed to legalize the activities of the little press which had so faithfully come to their aid in time of need, were reflected in the stock market. The New York Central fell from one hundred thirty-two to one hundred nine.

Vanderbilt was having a pretty hard time of it. It was a slippery crowd he had to deal with, and, while his resources were large, they were tried to the limit, and his depleted supply of cash gave him little margin for safety. He was trying to support his stocks, keep judges and legislators bribed, and keep up the spirit in his own camp. It took enormous amounts of ready cash, of which he had none too much, and a great deal of nerve. The banks would not lend him money on the enormous amount of Erie stock he had been forced to absorb; it was only by threatening to depress New York Central stocks, of which several banks held large amounts, both as security and on their own account, that he could get any accom-

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modation at all. Vanderbilt was up against it and about ready to compromise.

The commodore managed, by careful maneuvering, to get a note to Drew which Fisk and Gould would not see. It was short and to the point.

“Drew: I’m sick of the whole damned business. Come and see me.

Vanderbilt.”

The commodore explained his offer of peace to his friends. “This Erie war has taught me that it never pays to kick a skunk.” He found that he had enough money to buy up the Erie, but not enough to stop a two-by-four printing press. Drew was also getting tired of the business. He missed his family, and his Jersey residence had put him out of touch with his religious activities. The note was very welcome to him, and he decided to evade his partners and go over on Sunday when no summons could be served on him. His intention was undoubtedly to make peace with Vanderbilt, and let the others take care of themselves.

Gould and Fisk were not so easily tricked, however, and made it their business to follow Drew and attend the conference. At the first meeting nothing was accomplished except the preliminary overtures. Drew was cordial, but Vanderbilt was curt. “Now, see here,” he

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said in reply to Drew's pious reference to the old days and their good friendship, "let's not get gushy. Of course I'd like to get affectionate and chat with you about old times; no one knows how my bowels yearn after you, Drew; but, as I understand it, this is a business interview. So, if you'll draw up to that table, and wipe the tobacco juice off your chin, we'll talk."

When the time came for the final peace conference, Drew tried to put Fisk and Gould off the track again. He was eager to make the treaty alone with Vanderbilt. The meeting had been arranged at Judge Pierrepont's home, but Drew told the partners that they were to meet at the Fifth Avenue Hotel.

In the middle of the conference, Fisk and Gould appeared at the front door.

"Hello, Uncle," said Jim, "here we are! Can't tell you how glad we are to find you here. Jay and I were afraid we might not be able to get here in time. We must have missed you at the Fifth Avenue Hotel, but the man we had set to follow you said you were down here, and spoke as though you wanted us. I hope we can be of some assistance in drawing up a treaty of peace with our honored adversary here." When Vanderbilt had stopped laughing, they drew up their chairs and got to work.

Battles on Wall Street are violent but short. Tried

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friends of one day will be unremitting enemies the next and fellow conspirators the day after. Grudges remain, but often hostilities cannot be too long maintained. When money is involved, convenience will conquer dislike and expedience overcome anger. Vanderbilt could not have maintained his strained position much longer whatever his boast; at the same time, his opponents could not forever live in Jersey City. Drew missed his church, Jay Gould longed for his family, and Jim Fisk felt lonesome away from ballet dancers. All in all, both camps were ready for peace. Vanderbilt was too powerful for the trio, and they were too clever for Vanderbilt.

The commodore was willing to agree to peace, but not to a loser's terms. He demanded that all Erie stock he had been saddled with be bought back at what it cost him. Where the money was to come from, Vanderbilt neither knew nor cared. The only place it could come from, of course, was the reliable if rather anemic Erie treasury.

In the peace negotiations, relations between Drew on the one side and Gould and Fisk on the other had become strained. Gould and Fisk never fully trusted Drew, but he was powerful and their leader, and they worked with him. But recently there had been strong evidence

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that Drew had set out to betray the others to Vanderbilt in exchange for good terms for himself, and they decided to go after him. Gould refused at first to agree to Vanderbilt's proposal, which Drew favored. After a whispered conference with Fisk, Jay spoke up. From this moment, he became the leader rather than the follower.

"Mr. Vanderbilt," he said, "we are willing to come to some arrangement. We will allow Drew here to keep the profits he has made in this deal, and to draw the money out of the Erie treasury. But there has got to be one condition attached; he has to get out of the Erie for good and all." Vanderbilt didn't care much what happened to the Erie,—he was cured of any desire to get it over the very effective protests of Jay Gould's methods,—but he suggested putting the matter to a vote. Of course, everybody but Drew voted "Aye," and Daniel Drew was declared out of the road. Daniel got the profits and Gould and Fisk got the Erie. Vanderbilt had his money back, and was glad to be rid of the whole gang.

Jim Fisk was rather depressed at the prospect of being left nothing but the shell of the good old ship. With the seven million gone, Erie did not seem so attractive as when Drew had it. "Yes," said he, "the pirates have

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gone off with the swag, and left us nothing but the confounded hulk."

"Don't you mind," said Jay. "There may be some service left in the old ship yet."

And indeed there was!

## CHAPTER X

### DREW IS RUINED

VANDERBILT, relieved of his heavy load of stock, ceased to concern himself very much with the inside of Erie; but, as head of the competing railroad, he decided to try a freight-rate war to embarrass the Erie and strengthen his own road, the New York Central. At that time, cattle were brought from Buffalo to New York at one hundred and twenty-five dollars a carload on both roads. Vanderbilt reduced the rate to a hundred. Gould, now, at thirty-two, president of the Erie, cut it to seventy-five. The Central went to fifty. Erie then offered to bring cattle down at twenty-five dollars a carload. Finally Vanderbilt issued an order to put the rate at a dollar. Gould couldn't get much lower, and apparently had given up the battle, for the Erie rate went back to normal. Vanderbilt was very much pleased with himself. He had tanned Jay Gould in this encounter, anyway. Not a steer was being carried over the Erie lines, and the Central was carrying to capacity.

The commodore wasn't so pleased, however, when he

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discovered the reason; for Jay Gould had bought every head of stock to be had west of Buffalo, and had been shipping them over Vanderbilt's line at a dollar a car-load. He had sold enough cattle in New York, on the basis of Vanderbilt's free transportation, to make a fortune. When Vanderbilt realized his position, he decided that the cleverest thing he could do was to stop trying to beat this man Gould at any game. Never again did he attempt to get into Gould's path or fight him in any way. "Gould is the smartest man in America," he said.

By July, 1868, Jay Gould and Jim Fisk were in complete control of the Erie. Daniel Drew was definitely out, and Commodore Vanderbilt was definitely "off." The various suits and injunctions had been withdrawn, and there was calm along the Erie line. The first action of the combination was to concentrate all power in their own hands. With Gould as President and Treasurer, and Fisk as Controller, there was little authority left for anybody else. A young attorney by the name of Lane was made counsel. The Board of Directors held no meetings, and the Executive Committee was never called together. All decisions were made by Gould and Fisk and acted upon without any further consideration.

There is very little parallel to the dramatic rise of our young surveyor. The Erie was a corporation which con-

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trolled seven hundred and seventy-three miles of road, whose capital was thirty-five million dollars, and which employed fifteen thousand men. In undisputed control of this massive concentration of capital was our thirty-two-year-old Jay. "Such an elevation," says Henry Adams, "has rarely been seen in modern history. Even the most dramatic of modern authors, even Balzac himself, who so loved to deal with smaller violent alternations of fortune, or Alexander Dumas, with all his extravagance of imagination, never have reached a conception bolder or more melodramatic."

Jay Gould's ambition was not satisfied with the control of the Erie Railroad. He was going to get everything there was out of this road, and then go on to bigger things. Jim Fisk was a faithful ally and to Gould a constant help. Jay needed the gregarious Jim Fisk to meet the world, to talk to people, to represent the combination on the outside. He wanted to be left alone to think out his schemes; for companionship, he found his wife and his growing family sufficient. With Jay to do the thinking and Jim to do the talking, they made a happy combination. Not that Fisk was brainless; Jim was resourceful and clever, but his plans were more bold than intricate, whereas in Gould's plans subtlety and intricacy were always the basis.

The offices of the Erie Railroad were moved uptown

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to the Grand Opera building on 23d Street. Gould and Fisk bought the building and rented part of it to the Erie. As an officer of the Erie and manager of the opera house, Fisk was in all his glory. A private passageway connected his office with the stage, and, as the opera supplied Fisk with amusement, so did the troupe supply him with a permanent harem. Fisk installed a private banquet room, where he gave very large and very wet banquets to bring his associates in business and his female assistants of the theater together. Somebody called him "Prince Erie." He liked this so much that he began to talk of himself in the third person. As "Prince Erie," he managed his theater and made his bow in gay society.

Jay Gould's offices were very simple. His philosophy did not call for judgment of others. Fisk liked that sort of thing, well and good. So far as he could see, it didn't hurt them, and for the fellows Fisk was lining up on their side, powerful men like "Big Bill" Tweed and Peter Sweeney, it was probably a great attraction. It was Fisk's job to entertain these fellows, and so long as he wasn't expected to help, Gould didn't care. He had his books, his family, and his plans, and there was too much to do these days to try and reform other people.

In 1868, Bill Tweed was the government of New York City. Jay Gould instructed Fisk to get him inter-

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ested in Erie, and a series of banquets and parties punctuated Fisk's negotiations. In the meantime, the Street saw Erie in motion again. As always, there had been, in spite of the recent fireworks, a steady demand for Erie from English investors. The stock had been fluctuating in a narrow margin around seventy dollars a share, but early in August it suddenly fell to sixty. Apparently, something was happening behind the scenes. The fall continued, and by the nineteenth of the month Erie touched forty-four. The annual election was scheduled for October 13th, but to the surprise of the Street on this day the transfer books of the company were declared closed. This was thirty days in advance of the usual time, but apparently the stock was placed exactly where it was supposed to be. There was every opportunity for an opposition party to raise a row, but nobody protested. There were no writs or injunctions. The late Erie battles had put the "fear of Gould" into the hearts of Wall Street.

The election took place at the usual time. Charles F. Adams Jr., who was later to be closely associated with Gould, had this to say as to its results:

"The ring in control voted itself, without opposition, into a new lease of power. Two new names had meanwhile appeared in the list of Erie directors,—Peter B. Sweeney and William M. Tweed, the two most promi-

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ment leaders of that notorious ring which controls the proletariat of New York City and governs the politics of the state. The alliance was an ominous one, for the construction of the new board can be stated in few words, and calls for no comment. It consisted of the Erie Ring and the Tammany Ring, brought together in close political and financial union; and, for the rest, a working majority of supply tools and a helpless minority of respectable figureheads. The formidable combination shot out its feelers far and wide; it wielded the influence of a great corporation with a capital of a hundred millions; it controlled the politics of the first city of the New World; it sent its representatives to the Senate of the state, and numbered among its agents the judges of the courts. Compact, disciplined, and reckless, it knew its own power and would not scruple to use it."

Gould now had the Erie absolutely in control, both as regards Wall Street opposition and interference by the courts, the city, or the government. With Drew out, he could plan his operations on a broader and more daring scale. In October, there is an active demand for money from the West to move crops. Taking advantage of the seasonal condition, Gould and Fisk decided to institute a "bear" campaign, and to "lock up" money as a means of depressing stocks. Gould needed more capital and Drew was invited to join in the "bear" opera-

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tion. Drew was agreeable, and promised to contribute four million dollars to the general fund.

Their plan was to deposit large amounts of money in the New York banks, and then, when they were ready to mature their plans, suddenly withdraw their funds in currency and embarrass the banks. The sudden call upon the banks would put them into a tight position. Help from other banks would be impossible, as the whole city would be covered by this operation. The stock brokers are always large borrowers, and have their money "on call." The necessity for immediate funds would hit the brokers first. Their loans would be called, and they in turn would have to press their customers for more margin. Failure to supply this margin would necessitate the selling of their stocks by the brokers, and the result would undoubtedly be a great depression in prices. Having sold, at peak prices, large quantities of stock for future delivery, Gould and Fisk planned to cover at the low prices induced by the shortage of money. In all this operation, the Erie Railroad stock was to be the pivot.

The plan was not entirely new, but it was to be tried on a bolder scale than ever before. Twelve million dollars in currency were withdrawn from circulation. At the same time new issues of Erie were continually being thrown on the market. Between the 1st of July, and the

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24th of October, 1868, the outstanding stock of Erie had been increased from thirty-four million to fifty-seven million dollars. Charles Francis Adams, member of the famous Adams family, author, railroad man, financier, and later Gould's associate, called this "the most extraordinary feat of financial legerdemain which history has yet recorded."

In the meantime, Daniel Drew had withdrawn from the combination. The scheme had become too daring for him, and the old man, become timid and careful, deserted the others. However, he did not retire entirely, thinking to turn an honest penny to his own account through his knowledge of Gould's plans. Gould and Fisk carried on alone, and succeeded in creating such an unusual stringency that Secretary of the Treasury McCulloch was pressed to announce that fifty millions of currency would be released to relieve the country from the artificial shortage.

This announcement was the signal for a change of front. Gould and Fisk had been operating for a fall, but suddenly decided to cover immediately and then go over to the other side and boost Erie stock.

Gould had first sold Erie short between sixty and seventy dollars a share. The artificial shortage of currency he had induced caused a severe drop to forty dollars a share, and Jay covered at that price. Now, without

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informing Drew of the maneuver, he decided to turn around and lift Erie again, both because of McCulloch's measures and because it was the last thing the Street expected. Things were put into motion, and in a few days Erie went up from forty to fifty dollars a share.

Old Dan Drew was no longer one of the gang. Not knowing of Gould's change of front, he went on selling heavily. Drew was congratulating himself on his keen judgment in retiring from the responsibilities of the pool, and yet taking advantage of their operation. This time he got it right between the eyes. By the middle of November, he had contracted for the delivery of over seventy thousand shares at about forty dollars a share. Most of the stock had been bought by Gould to cover his own sales. Besides covering, Gould had bought in a large amount thrown on the market by those brokers like Drew who thought to make a neat turn in following Gould.

By the middle of November, Drew was hopelessly cornered, and at the mercy of his former allies. That night he went to bed with his boots on. After an interval of much prayer and very little sleep, he decided to go to Gould and Fisk, and beg them to let him go. On Sunday, he had been to a meeting with the other bear operators, whose leader he was supposed to be, and

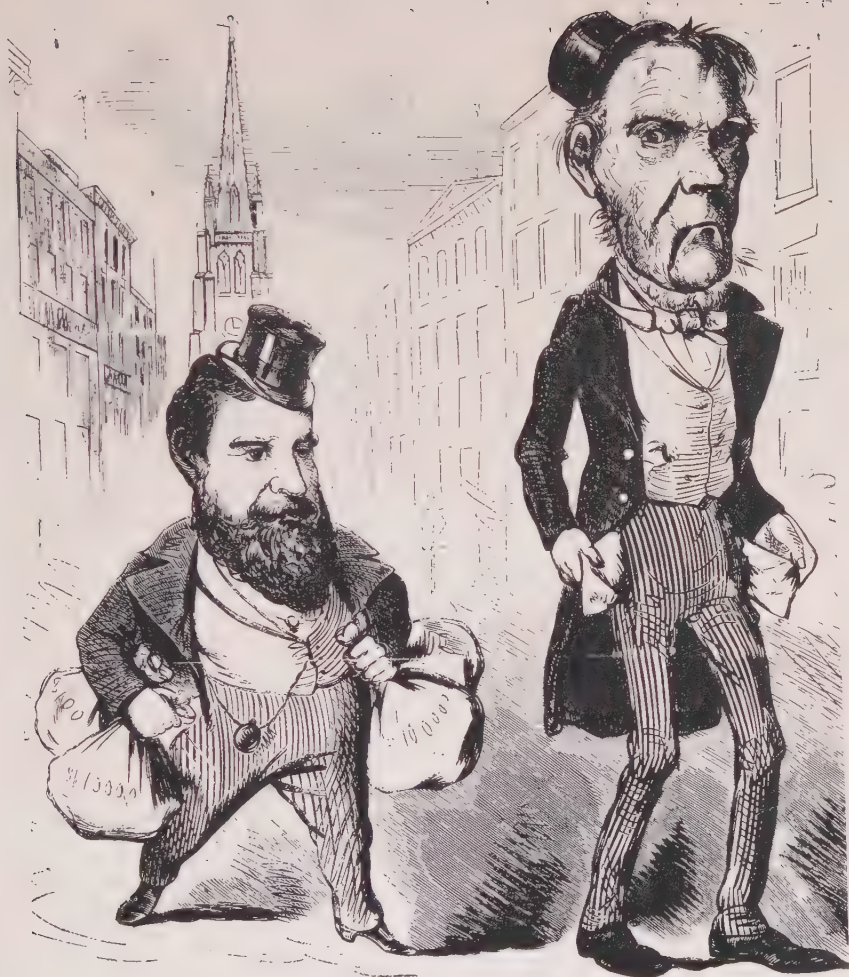
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he decided to tell Gould and Fisk all the secrets of their opponents' plans in exchange for their mercy.

Drew called. At first Gould refused to see him. Fisk interviewed him, and his only answer to Drew was that "he was the last man who ought to whine over any position in which he placed himself in regard to Erie." He begged to see Gould, but the interview gave him little comfort. Drew begged, whined, and threatened, but no avail. Gould did not catch his man only to let him go. It was useless.

"I will bid you goodnight," said Drew, and went his way.

Drew's only hope now was a steamer from England, due to arrive on the 23d, and supposed to carry large amounts of Erie stock to be sold. He held on grimly, determined to pay whatever necessary to borrow the stock until the 23d. But Gould was to bring on another offensive. A petition was submitted to the ever faithful Judge Barnard, setting forth that, since some question had been raised in regard to the legality of the recent two hundred thousand stock issue, the Erie be empowered to buy back the stock at any price up to par. To enable them to do this, Erie Railroad funds could be used. With this authority in Gould's hands, Drew trembled to think at what price he might have to buy back his stock.



### THE LONG AND THE SHORT OF IT

*The little man Jay, who was short—of stocks*

*The big man Daniel, who was long—of stocks*



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Drew's only hope now was a rapid retreat. He was cornered, and he knew it. He started to buy on Wednesday afternoon. Starting at forty-seven dollars a share, he covered his purchases so rapidly that at closing the stock stood at fifty-seven dollars. The next day Erie touched sixty-two, but as soon as Drew had covered the stock fell to forty-two dollars, and another battle was over, with Drew this time at the wrong end. It was the beginning of the end for Drew. When the pious founder of colleges went into bankruptcy he listed his assets as: Watch and chain, \$150; sealskin coat, \$150; wearing apparel, \$100; Bibles, hymn books, etc., \$130. Of his fall, he had this to say, "To speculate in Wall Street when you are no longer an insider is like buying cows by candlelight." Of Jay Gould his only comment was, "His touch is as death."

Daniel Drew felt the force of his own little poem:

"He that sells what isn't his'n,  
Must buy it back, or go to prison."

## CHAPTER XI

### THE GOLD CONSPIRACY

GOULD'S sway over Erie was complete, and his position in Wall Street secure. He was almost *the* power in a period of giants. He had bucked Vanderbilt and made him cry quits. The perfect cure that Gould had administered is witnessed by Vanderbilt's public statement, issued in denial of any reputed association with Gould:

"I have had one business transaction with Mr. Gould in my life. In July, 1868, I sold him a lot of stock, for which he paid me, and the privilege for a call of a further lot, which he also settled. Since then I have had nothing to do with him in any way whatever; nor do I mean ever to have, except it be to defend myself. C. Vanderbilt."

Old "Fagin" Drew had been completely eliminated as a power in the Street. The few enterprising young men who through bravado or ignorance dared to stand in the way of Gould had been entirely cured and shown

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their place. Jay Gould became a figure as feared as he was respected among the fraternity. A certain A. B. Stockwell came out of the Middle West, married the inventor Howe's daughter, and came down to Wall Street with his wife's fortune. He bought Pacific Mail. For awhile all went well. But Jay Gould soon spotted a weak brother in the ranks. We will let Stockwell, whose sense of humor was better than his judgment, tell his own story:

"When I came to New York and bought stock in hundred-share lots, they called me Stockwell. I began to buy in larger quantities, and I became Mr. Stockwell. When I traded in thousand-share lots, I was called Captain Stockwell, and when it was rumored that I had control, they hailed me as Commodore Stockwell. But when Jay Gould got after me, I became 'that red-headed son of a sea-cook from the West.'"

But Jay didn't have much time to shed tears over the little fellow's misfortune. He was laying the foundation for a plan that exceeded in magnitude or daring anything that had yet been tried in his generation. Jay Gould set out, single-handed, to corner gold. To succeed in cornering a corporation stock or a staple commodity is a financial achievement. To corner gold is

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almost an impossibility. It had seldom been thought of, and never tried. Besides the use of a tremendous amount of capital, there is necessary a perfectly organized, yet secretly conducted, campaign; but, most important, there must be the cooperation of the government in the plan, for it holds so large a stock of gold that a corner is impossible without the control, in some way, of that supply. Jay Gould could secure the capital, his mind could conceive the plan, and secrecy could be maintained. The alliance between Tammany and Erie put the local government into his power, but Tweed's ring could not reach Washington. This cooperation of the federal government was the weak spot in his plan; but such obstacles did not seem sufficiently insurmountable to daunt Jay Gould. He set about laying his plans, and things moved quickly.

His intention was to lay all the preliminary plans alone, and not until the scheme was well under way to reveal the methods to anybody else. Not even in Jim Fisk did he confide. The Tenth National Bank had got into some difficulties with the state bank examiners, and was informed that a change in management was very desirable. Gould, together with Tweed's Tammany crowd, purchased the bank. It had a capital of only one million dollars but its possibilities for credit were many times that amount.

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In 1869, the government held between seventy-five million and one hundred million in gold. The market supply was about twenty million. This supply was traded in a special market, the Gold Room, next door to the Stock Exchange on Broad Street. Importers bought their gold for payment of purchases on this exchange, and there was always active trading, a great deal of which was purely speculative. Gould's idea was to tie up the market supply by actual purchase, at the same time freezing the government gold during the period of his "corner" by pressure on government officials. If the plan should be successful, for even a few weeks, there were possibilities of a tremendous profit, from both the legitimate purchases by importers at high prices and the speculative covering by professionals.

Late in May, 1869, Jay Gould made a social visit to Abel Rathbone Corbin, who some months before, at the age of 67, had crowned a successful career as a lawyer, speculator and lobbyist, by marrying President Grant's sister. Corbin was very close to Grant, and was reputed to have great influence on his opinion. It was Grant's custom to stay at Corbin's home when visiting New York, and the cooperation of Corbin in the scheme might solve the problem of government co-operation or at least prevent interference. Among other

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things discussed was the price of gold. Either because of Gould's logical reasoning or Corbin's desire to share in the booty, the visit was eminently successful. Before Gould left, it was arranged that he was to purchase for Corbin's account one and a half million dollars of gold at 133 without any payment on Corbin's part. It was also arranged that on President Grant's next visit to New York, Gould was to be Corbin's guest at his home and have the opportunity, as a public-spirited citizen, of discussing with Grant the important national question of the price of gold and its effect on the country's industrial development.

Gould quietly began purchasing gold on the open market in large quantities in anticipation of the maturity of his plans. On June 15, 1869, President Grant came to New York, and Gould met him at Corbin's home. The occasion was purely social, but successful to the extent that Grant accepted an invitation to attend a performance at Jim Fisk's theater. He sat in Fisk's private box, and it was arranged for him to take a trip next evening on Gould's Newport steamer. Fisk was not yet in on the details of the gold manipulation, but had an inkling of the project and readily joined Gould in entertaining Grant. Cyrus W. Field and several other prominent individuals in the confidence of Gould were also invited. It was all very in-

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formal. Fisk, as master of ceremonies, enjoyed himself hugely, and, although he didn't know exactly what it was all about, felt that something was going to be "put over," and was glad to be in on it. At dinner, the conversation was adroitly turned to the question of the price of gold. Grant's opinion was directly asked, but his answer was evasive and disappointing. Gould later testified that it was like a "wet blanket" on his plans. The time for intensive action had apparently not yet arrived, and Gould, ever patient, decided to wait until he was certain of Grant's reaction.

The time between June and August was used by Gould to accumulate more gold and to solidify his position. One of the important financial posts in the United States was the Assistant Treasuryship at New York. Through this official, government gold was sold on the Gold Exchange, and the proper man in that place could supply valuable aid and information. Through the influence of Corbin, an acceptable man was appointed in the person of General Butterfield. In the meantime, Dominick Henry, an Englishman of excellent reputation as an authority on financial problems, was put to preparing for Gould extensive reports and analyses of the effect of a rise in the price of gold on the economic condition of the country. These articles were run in magazines and newspapers

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throughout the United States. Hundreds of persons of different walks in life were posted where they would come into contact with Grant and be able to give him their views on the price of gold, which were the carefully rehearsed opinions of Gould. At almost every public dinner or political meeting Grant attended, the subject was brought up and Gould's views impressed upon Grant. Everywhere Grant went, he heard Gould's opinion echoed. This man of action was most naïve in most things. He was very much impressed by this well-organized propaganda, and in the honesty of his simplicity he began to believe that Gould was right.

On September 2, 1869, the President came again to New York, to stay at Corbin's home. After his departure, Corbin immediately reported to Gould that Grant had finally changed his mind, and had, when at Corbin's house, dispatched a letter to the Secretary of the Treasury, Boutwell, not to sell any government gold without specific instructions from him. It was the signal for Gould to set the trap.

When Gould had started buying gold in June, it was at one hundred and thirty. It was up to one thirty-three when Corbin's gold was purchased, and had fluctuated only slightly afterward. With the information of Grant's cooperation in the maneuver, Gould set about buying gold heavily. By the 7th of September gold was

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up to one thirty-seven, and Gould handed Corbin a check for twenty-five thousand dollars as a token of his appreciation and an advance on his profits. Corbin was consistently modest about having his name mentioned in these operations, and the check was made out in blank.

All this time Gould was working alone, although other brokers were following his movements and buying along with him. Gould had full knowledge of the other purchases, and, while not cooperating, encouraged the purchases. Gold was being bought in large quantities, but by skillful placing of orders the price was kept from severe fluctuations until the time for the "putsch" was come. About the tenth of the month, Gould's plans began to meet difficulties. The "shorts," who had been selling gold consistently, headed by James Brown and Henry Clews, showed unexpected power and signs of organization against Gould.

Gould was getting a bit worried and decided to take Fisk in as an active worker in the operation. On the 15th of the month he disclosed his plans to Fisk. About that time he also purchased for the account of General Butterfield, Assistant Treasurer at New York, a million and a half of gold. This was carried for Butterfield without any contribution on his part, and, while it was probably not done at his request, was done with

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his knowledge. A letter was also sent to General Porter, private secretary to President Grant, informing him that five hundred thousand dollars of gold had been purchased for his account, but this transaction was repudiated by Porter.

The political details having been arranged as completely as possible, Gould set about perfecting the financial operations. The purchases of gold would tie up a great deal of money, and Gould was not the man to freeze any more funds than absolutely necessary. The Tenth National Bank began to function for the conspirators. Gould had not been in the bank more than three or four times previously, but in his present manipulation he saw the possibility of using its machinery to aid his plans. In giving deposits as guaranty against his purchases of gold, Gould planned to use certified checks of the bank, which could be issued regardless of the amount of his deposits. It was an easy way of carrying his gold without putting up real cash, and the Tenth National became a manufactory of certified checks.

Things then began to move rapidly, although not altogether smoothly. Grant came to New York again on September 10th, and stayed until the 13th. Gould saw him once more, and even the simple Grant began to be suspicious. The operator was perhaps too insistent, and

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Grant complained to Corbin that Gould always seemed to be trying to get something out of him. On the 13th, Grant left for Washington, Pa., for a rest. Gould was getting a bit nervous, and wanted to make absolutely sure of Grant's attitude before the final attack. He had Corbin write a letter to Grant, which was dispatched by special messenger, urging Grant not to permit the sale of government gold in any circumstances. It was a great mistake on Gould's part, and the situation must indeed have been serious to make the careful financier venture such an obvious maneuver. The letter was opened by General Porter, who was with Grant. Porter's suspicions were immediately aroused particularly in view of the fact that the clique had tried to get him to accept the purchase of half a million in gold. Porter communicated his suspicions to President Grant, and prevailed upon him to stop Corbin's association with Gould. Mrs. Grant thereupon wrote a letter to Mrs. Corbin, telling her that the President had heard rumors that Corbin was speculating in Wall Street. Should this be the case, he suggested an immediate disconnection with any operations.

About the same time, Gould made another serious mistake of judgment. He wrote directly to Secretary Boutwell, pointing out the advantages of a premium on gold and suggesting an increase in the amount the

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government was carrying. Not satisfied with some assurance that the government would not sell, he proposed that the Secretary of the Treasury buy more gold on behalf of the government. Boutwell was at no time sympathetic to either Gould or his viewpoint, and it was a rash and useless thing to do. The letter put Boutwell on his guard and made him all the more favor the "bears," who were now actively and openly favoring the sale of large quantities of gold by the government.

The letter from Mrs. Grant to Mrs. Corbin frightened Corbin. On September 22d, he showed the letter to Gould, and told him that he must withdraw entirely from the operation. It was somewhat of a shock to Gould. He tried to persuade Corbin to stay in by promise of further reward, but the old lobbyist was thoroughly scared and could not be prevailed upon in any circumstances. Corbin suggested that Gould take his gold, for which he had never paid, off his hands at the market price. His paper profits on that day were one hundred thousand dollars, and he asked Gould for that amount. Gould asked time to think it over. If Corbin withdrew his operation, or if the letter was seen by a single "bear," the game was up. The next morning Gould saw Corbin and told him he could give him nothing if he withdrew, but

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if he stayed in he could have Gould's check for a hundred thousand. Corbin, however, was thoroughly frightened by the complications Gould had brought him into, and refused to continue in the operation at all.

Gould had been operating through several firms. One of them alone had accumulated fifty million dollars for his account. Corbin's withdrawal was final and complete. The connection with Washington was destroyed, and there was no longer hope in that direction. In this fix, Gould made a typical decision. He would sell his gold before the government got its supply upon the Gold Exchange. He would break his own market, cover himself by selling at the present top prices, and when the crash came let his confederates save themselves as best they could. Not a single person was informed of this change. Jim Fisk was Gould's associate, and the latter planned to take care of him; but Jim Jubilee could not be trusted with so important a secret. Time enough to tell him after it was all over. Now everything must be put aside, and gold sold, sold, sold. This was Thursday, October 2d, 1869. On that day Gould sold more than fifty million dollars' worth of gold, at prices ranging from one-forty to one-forty-four. No one knew who was selling, and the largest buyers were Jim Fisk and Albert

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Speyers, one of Fisk's brokers. Strangely enough, it was Gould's own crowd who took the gold as quickly as it was offered. By the close of the day Gould was completely covered and out of the market. He had sold one hundred million dollars in gold in one day. His clique, however, held more gold than ever.

That evening there was a meeting of the members of the clique. Gould said not a word about his sales. The group decided to bring their scheme to a head. They had gold enough, as they supposed, absolutely to control the market. Tomorrow, Friday, they planned to press the price to the utmost and compel settlement at their own figures.

The next day, October 4th, 1869, will always be remembered as one of the Wall Street's Black Fridays. Fisk was at his office early, across the street from the Gold Room. Jay Gould came downtown that day determined not to utter an unnecessary word. He knew the plan was bound to fail; he knew that the day's upheaval would shake the very foundations of the Gold Exchange. He determined to keep quiet, and his directions were nods and whispers. On the most exciting day of the Exchange's history, the central figure sat huddled in a chair, alone, tearing up bits of paper. Not a word, not a gesture, betrayed his feelings or his plans.

The floor of the Exchange was in a panic at the very

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opening. Jim Fisk paraded around offering to bet fifty thousand dollars that gold would reach two hundred. It kept going up steadily—from one forty-five it leaped at a bound to one fifty. Buy, buy, buy! shouted Jim Fisk, and his brokers offered one fifty, one fifty-five, one sixty. Half a million went at one sixty. Over at the office, bad news was brought to Gould. Government examiners were at the Tenth National, and the bank was afraid to certify any more checks. Jay took the message in silence. As there was nothing to do, there was nothing to say. By eleven o'clock the excitement had reached outside the Exchange. Crowds had collected on the street. They shouted for news and sang songs. One voice let out "Who killed Leupp?" and a thousand joined. Inside, the floor was quiet as a grave one moment and wild with excitement the next. Fisk back at his office, rushed around, yelling orders, calling himself the Napoleon of Wall Street, swearing at his brokers—and always buying. Gould was quiet and calm and silent. He was waiting for the crash.

Again Fisk was on the floor, "one sixty-one for any part of five million!" His offers to buy became louder and more defiant. There were no sellers. "One sixty-two for five million!" A quiet voice replied, "Sold at one sixty-two." It was James Brown, the Scottish banker and leader of the opposition. Suddenly word spread

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around the floor that Secretary Boutwell would sell. There were whispers, conferences. Another sale at one sixty-two, and the next moment came a telegraphic order from Washington—the government was selling! The bubble had burst. Brokers were left struggling among themselves, as the leaders left for hurried conferences; like riderless horses, the small brokers milled about, trying to execute cancelled orders. In one corner of the room, Fisk's brokers were bidding one sixty while gold was offered at one forty. Albert Speyer went crazy. He marched around the floor shouting, "Shoot me! Shoot me!" as he yelled his offers to buy at one sixty, one seventy, one eighty. Before the gong had sounded, gold was back to one thirty-five. Black Friday was over. Gould had failed, but he had not lost.

The end of the day had brought the end of the Gold Exchange. The shock of Black Friday ruined hundreds of firms and thousands of individuals. The name of Jay Gould became in the public mind a synonym for organized greed and ruthless rapacity. This did not please Jay, but it could not be helped: a man's work must be done regardless of what the masses think.

Gould had got out in time, and with a handsome profit, but Jim Fisk was hopelessly involved. He had purchased such enormous amounts of gold that meeting

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his obligations would be impossible without bankruptcy—and bankruptcy was a word not permitted in the Gould and Fisk offices. In the Erie Railroad mansion, under heavy guard, Jay Gould and Jim Fisk conferred, as Jay worked out the plan for covering Fisk. The plan finally decided upon was this: Fisk was to repudiate all purchases made by Belden and Speyers, his chief brokers; the brokers to accept all the purchases on their account, and declare themselves bankrupt. As compensation, Gould would give each of them an income for life. Belden was managed, but Speyers was obdurate. It did him no good, however. He was left to swear himself hoarse. Not a single paper could be produced showing Fisk's written orders, and in New York City, land of the Tweed, Fisk's word was better than the law.

David Dudley Field, the eminent lawyer, who dimmed a brilliant career by his association with Tweed and Gould, was called in to manage the legal end. Bill Tweed got busy, and instructed Judge Barnard to report at Jim Fisk's office at once. There, under Gould's dictation, Barnard issued injunctions restraining sundry and all persons from enforcing sundry and all contracts not at present agreeable to Jay Gould. Not a single contract could be enforced against Jim Fisk. The court calendars were clogged for years with the

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cases centering around the Gold Conspiracy. But Tweed was the government, and his word was precedent, law, and decision. Jay Gould held on to his gains, and not James Brown nor all the Scottish bankers in the world could make Jim Fisk disgorge.

## CHAPTER XII

### THE GOLD INVESTIGATION

IN due time, as all things will, the Gold Conspiracy and its ruinous effects came to the attention of Congress. An investigation was ordered, and Gould, Fisk, Corbin, Belden, Brown, and actors of minor parts were called and told their stories. The investigation accomplished little of practical value, but the stories the players told form an exciting pattern of the bold adventure.

On January 22d, 1870, Jay Gould was called to the stand. He was, as usual, very polite and extremely reticent. He answered all the questions put to him, but contributed not an unnecessary word.

"Q. CHAIRMAN. 'Did you, when Gould, Martin & Company and other firms were buying gold for you, also sell gold occasionally?'

"A. GOULD. 'Yes; I was selling all the time.'

"Q. 'That is, after buying a large amount, you generally sold?'

"A. 'I commenced selling at thirty-five and sold all the time.'

[III]

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"Q. 'Would you say that, generally through the latter part of August and the first three weeks of September, you and your firms, or your brokers for you, bought almost every day more gold than you sold during those three weeks of September?'

"A. 'I guess they sold more than they bought.'

"Q. 'At the close of business on the 22d of September you held or controlled more gold than there was in the city, outside of the subtreasury?'

"A. 'Yes, sir, I think I did.'

"Q. 'When you bought five or ten millions of gold, did you have money enough to pay for so large an amount of gold?'

"A. 'No, sir.'

"Q. 'How did you pay for it?'

"A. 'The foreign banking houses and a good many private gentlemen were heavily short of gold . . . They took this gold and carried it. . . . You go to that gentleman who is short, and he borrows it from you and pays the market price for it. It takes no money. It takes merely credit to carry it.'

"Q. 'What made gold break down?'

"A. 'It broke down because I was selling all the morning.'

"Q. 'Did the Treasury order cause gold to break down?'

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"A. 'No, sir.'

"Q. 'Did it break before the order came?'

"A. 'Certainly.'

"Q. 'You said a little while ago that an hour before the order came from Washington to sell gold you felt that you almost knew of the order. Tell us how.'

"A. 'A man who is liable to rapid thinking very often arrives at conclusions without being able to tell the process, and yet he is satisfied the conclusions are correct.'

"Q. 'Tell us, as far as it is possible for words to describe, how you knew, or almost knew, this fact an hour beforehand?'

"A. 'I hear of a great deal that happens. I can only say that it is one of those conclusions that a man sometimes arrives at intuitively, that are correct in themselves, and yet, if you undertake to give the evidence by which they are reached, you could not tell how it was done.'

"Q. 'But you had such evidence that you felt in your bones that your conclusion was correct?'

"A. 'I did.'

"Q. 'Did you have any doubt about it?'

"A. 'Not a particle.' "

Jim Fisk's testimony was as racy in its expression as it was doubtful in its veracity. It is here given in small part, not so much for any accuracy it may con-

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tribute, as for the vividness of its expression and the indication of Fisk's relation with Gould. Fisk was very communicative, and always ready to add a few stories not entirely connected with the proceedings.

"Q. CHAIRMAN. 'With whom were you associated?'

"A. FISK. 'At the outset, I may say that the transactions of Mr. Gould and myself are joint, and that our custom is to have no one else with us . . . You have had Mr. Gould before this committee, and have probably ascertained that he is a rather peculiar man. Gold having settled down to thirty-five, and I not having cared to touch it, he was a little sensitive on the subject, feeling as if he would rather take his losses without saying anything about it. . . . Later, he said that he had bought quite a large amount of gold, and I judged from his conversation that he wanted me to go into the movement and help strengthen the market. Upon that, I went into the market and bought. I should say that was about the 15th or 16th of September. I bought at that time seven or eight millions I think. . . . At any rate, Mr. Gould and I have never passed a word as to whether I was to be interested in his profits or losses. . . . When the settlement is made in full, if there should be a loss, I should be very glad to help him bear it, and if there are any profits, I should not

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say no to a proposition to divide them with him—that is not my nature. I came into this movement simply to strengthen the market.’ ”

Fisk went on to tell the story of Black Friday:

“I went down to the neighborhood of Wall Street Friday morning, and the history of that morning you know. When I got back to our office, you can imagine I was in no enviable state of mind, and the moment I got up street that afternoon I started right around to old Corbin’s to rake him out. I went into the room and sent word that Mr. Fisk wanted to see him. I was too mad to say anything civil, and when he came into the room, said I, ‘You damned old scoundrel! do you know what has happened?’ This was, of course, after everything had blown up. . . . He began to wring his hands, and, ‘Oh,’ he says, ‘this is a horrible position! You are ruined!’ . . .

“He was on the other side of the table, weeping and wailing, and I was gnashing my teeth. ‘Now,’ he says, ‘you must quiet yourself.’ I told him I didn’t want to be quiet; I had no desire to ever be quiet again, and probably never would be quiet again. He says, ‘But, my dear sir, you will lose your reason.’ Says I, ‘Speyer has already lost his reason; reason has gone out of everybody but me.’ ”

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When Abel Rathbone Corbin was called to the stand, the committee was not surprised to hear him testify that of all Fisk's testimony concerning him not a word was true.

Snubbed by the President, disgraced among his friends, disappointed in his hope of getting rich, sick, his nerves shattered, Corbin presented a pitiful picture, as he slowly but carefully told the details of his sorry participation in the venture. The interesting testimony of his part concerned itself with the interviews with Gould before and after the memorable Friday.

Corbin is talking of the letter received from Mrs. Grant, and informing Gould that he cannot go on helping in the plan:

"I was very much distressed about the matter, and told Mr. Gould that this thing must end; I must write; and it must be true that I had not a particle of interest in the business, either direct or indirect; that I must write to the President that night. I told Mr. Gould that as I had no legal claim I was wholly in his power, and he could pay something or nothing, as he chose. Gold was then, as I remarked, one forty or forty-one. . . . Mr. Gould said, 'If you will remain in and take the chances of the market, I will give you my check for one hundred thousand dollars.' I said, 'Mr. Gould,

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my wife says, "No, Ulysses thinks it wrong, and there it ought to end." ' So I gave it up. Mr. Gould stood there for a little while looking very thoughtful. He then left—about 10 o'clock—and went into Wall Street—and twenty-six hours afterwards gold stood at one sixty-four. He seemed to have gone into this movement with the desperation of a man who thought that everything was dependent upon instant and energetic action; and my impression is that he it was, and not the government, that broke that market. I know not, but believe his mind devised the successful upward movement of the 23d and 24th."

After Black Friday, Corbin called at the Opera House to see Gould, who had sent for him. His description of the interview follows:

"Q. CHAIRMAN. 'Who was present at that interview?'

"A. CORBIN. 'Mr. Fisk and Mr. Gould.'

"Q. 'Now, what occurred on that occasion?'

"A. 'Mr. Fisk was there when I went in. After a little conversation, Mr. Gould came in. Mr. Gould throughout behaved with manliness and character; Mr. Fisk began to tell again, as the night before, of the ruin of his sister or his sister's son, and that he was going now to have a general reckoning—going to have everybody

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come up and settle. After expressing himself very freely and very loudly, and with great strength of voice, and wonderful gesticulations, he went on to say he had determined that Butterfield should pay so and so, and had sent a man after him, and all that; and he was going to do this, and do that. He was very declarative.'

"Q. 'In the conversation in the Erie Office which you have detailed, was the subject of your investment discussed?'

"A. 'Only in the way I have named, mere general denunciation. We were all angry except Mr. Gould; he was perfectly cool.' "

James Brown, the Scottish banker, who was instrumental in helping to hasten the crash, gave a rather indignant and excited account of those hectic days. His opinion of the effects of the plot is valuable, coinciding, as it does, with the opinions of most authorities of the period. When asked how long he thought the effects of it were felt, he said, "We are all feeling the effects of it still. Houses were brought to tumble then that will probably never recover from it. That conspiracy caused more mischief than any other thing in the history of finance that I ever remember to have read. I certainly never experienced anything to approach it."

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James Garfield's committee report had it that, "while the desperate work was going on in New York, its alarming and ruinous effects were reaching out and paralyzing the business of the whole country and carrying terror and ruins to thousands."

What is entirely true, what was imagined and what was deliberately false, of all these interesting if conflicting stories, we shall probably never know. But Corbin was probably right in believing that Gould it was, and not the government, who deliberately set out to topple the structure he had himself so carefully created, in a desperate effort to save himself, and, as Jim Fisk put it, "let everyone carry out his own corpse."

## CHAPTER XIII

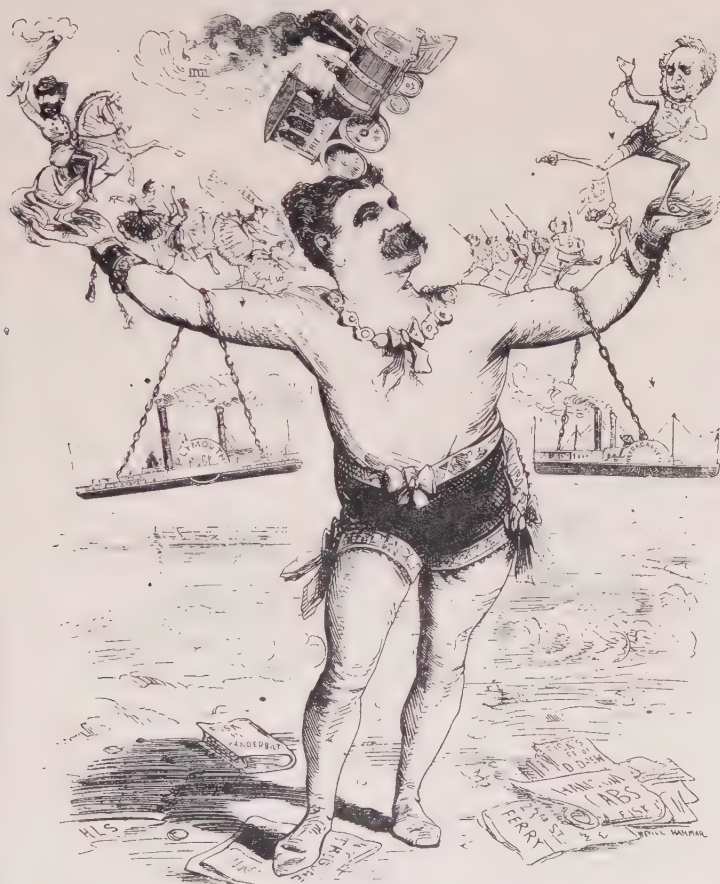
JIM FISK

IT was months before the effects of Black Friday lost their force. This exciting day was the last day of the Gold Exchange. For weeks after, its officials struggled vainly to reestablish order and confidence, but Gould's coup had put the finishing touches on its usefulness. More than a dozen Wall Street houses went under, and hundreds of brokers were swept from the Street. The confidence of the public in all the exchanges was badly shaken, and for months there was little speculation.

On the New York *Tribune* there was a young columnist by the name of Edmund Clarence Stedman. The inspiration of Black Friday led him to some poetry. Jay Gould cannot be blamed for this:

"High over all, and even higher,  
Was heard the voice of Israel Freyer—  
A doleful knell in the storm-swept mart—  
'Five millions more! and for any part  
I'll give one hundred and sixty!'

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WONDERFUL TOUR DE FORCE.

PERFORMED "ON THE BEACH AT LONG BRANCH," BY PROFESSOR JAMES FISK, JR. THE GREAT AMERICAN ATHLETE.



## THE STORY OF A FORTUNE

" . . . but listen! hold!

In screwing upward the price of gold  
To that dangerous, last, particular peg,  
They had killed their goose with the golden egg!

"Just then the metal came pouring out  
All ways at once like a water-spout,  
Of a rushing, gushing, yellow flood,  
That drenched the bulls wherever they stood!

"It came by runners, it came by wire,  
To answer the bid of Israel Freyer,  
It poured in millions from every side,  
And almost strangled him as he cried,  
'I'll give one hundred and sixty!'

"Down, down, down the premium fell,  
Faster than this rude rhyme can tell!  
Thirty percent the index slid,  
Yet Freyer still kept making his bid,  
'One hundred and sixty for any part!'

"The sudden ruin had crazed his heart,  
Shattered his senses, cracked his brain,  
And left him crying again and again—  
Still making his bid at the market's top—

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(Like the Dutchman's leg that never would stop)  
'One hundred and sixty-five million more!'  
Till they dragged him howling from the floor."

The newspapers of the country were up in arms against Gould. Fisk they treated more gently—he was popular among the reporters, a good fellow, and always ready to help with a story. Gould had as little use for the reporters as he had for the newspapers. If he needed them, he would buy them. For the public; Jay Gould became the symbol of evil incarnate; but the exaggerated notion of his universal power and evil intentions was press-manufactured. Samuel Bowles of the *Springfield Republican* led the sincere press of the country in its campaign against the Gould forces. James Gordon Bennett was the chief instigator of the exaggerated rumors and false stories. The result of the press campaign was to make Gould a symbolic figure for the public. There was no financial maneuver, however, even unconnected with his activities, for which he was not in some way held responsible. Every ten-share trader who lost six points on some stock Jay never heard of blamed Gould for it. The public became avidly interested in all of Gould's movements. Every word he uttered—and at this time they were very few—was eagerly reported, and his movements were watched

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as closely as the President's. The man who is severely hated is as good news, as the man who is intensely admired by the public. "Why do you abuse me so?" Jay Gould asked a New York editor. "There are only a few men in the country worth abusing, and you are one of them."

The intensive newspaper campaign had made Jay Gould the most hated man in America. Jim Fisk was different. He was a mixer and as it happened one of the few men in the Street that Gould could work with. Gould let Fisk do all the talking, and Jim let Gould do all the thinking. Fisk never questioned Gould's business plans, and Gould never objected to Fisk's rather startling personal activities. Fisk was the "front," and Gould was the brains, and a better combination was hard to find in Wall Street.

Jim Fisk could tell a story on himself with great relish. "Honesty ain't in my family," he used to say, and would illustrate his point. An old woman who had bought a handkerchief from Fisk's father for twelve cents complained to Jim that she had been cheated. Young Fisk considered the case carefully and gave his decision gravely. "No," said he, "the old man wouldn't have told a lie for twelve cents; although," he added, "he would have told eight of them for a dollar."

Fisk's generosity was as ostentatious as it was gen-

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uine. After the Chicago fire he had supplied help immediately and conspicuously, and a popular song commemorated this deed of the Colonel of the Ninth Regiment:

"I'll sing of a man who is now dead in his grave,  
A good man as ever was born;  
Jim Fisk he was called and his money he gave  
To the outcast, the poor, and forlorn.  
We all know he loved both women and wine,  
But his heart it was right, I am sure;  
Though he lived like a prince in his palace so fine,  
Yet he never went back on the poor.

"If a man was in trouble, Fisk helped him along,  
To drive the grim wolf from the door;  
He strove to do right, though he may have done  
wrong,  
But he never went back on the poor."

Daniël Drew was always trying to reform Fisk, to point out the way to righteousness. "Whilst the lamp holds out to burn, the vilest sinner may return."

"No, Uncle," said Jim; "I'm a gone goose. No need of a fellow bulldozing himself. Might as well look the thing in the face. I am too fond of this world. If I've

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got to choose between the other world and this, I take this. Some people are born to be good, other people are born to be bad. I was born to be bad. As to 'the world, the flesh and the devil,' I'm on good terms with all three. If God Almighty is going to damn us men because we love the women, then let Him go ahead and do it. I'm having a good time now, and if I have to pay for it hereafter why, I suppose it's no more than fair shakes, and I'll take what's coming to me. As to the vain pomp and glory of the world, I have covetous desires of the same. So there you are."

Fisk's house was on West Twenty-third Street; it was a rather plain building, for it housed his wife. A few doors down the street, around the corner from the Erie offices and Fisk's opera house, he set up the notorious Josie Mansfield. He was also taking care of Nellie Peris, Bella Lane, and a host of ballet dancers, but Josie was his favorite. Drew thought it all shocking, and said so. What Jay Gould thought nobody knew, because he said nothing. He loved his wife, his children, and his home. What others did neither concerned nor disturbed him.

"I'm the gander can take care of these geese," Jim Fisk boasted. "I travel on my shape; and I don't make any bones of saying that I like these scarlet women—

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they're approachable. Some parts of your Bible suit me to a T. I worship in the Synagogue of the Libertines."

But trouble was ahead for Jim Fisk. To the house that he had bought for Josie Mansfield, a certain Ned Stokes was coming often. Fisk protested, but Josie was obdurate, and there was an open break. A newspaper published a story that Josie and Stokes had demanded two hundred thousand dollars from Fisk for the return of his letters. One Saturday morning Fisk called on Drew for a chat. Drew was out as a market factor, but Fisk couldn't help but like the old scoundrel, and often dropped in at the house on Union Square for a chat. He couldn't stay long, because he had a lot of things to do,—had to go out and get that Ned Stokes. Drew tried to minimize the whole affair. "No, Uncle," said Jim, "it isn't a little thing. That rat has come between me and my Josie. Before he came along I had things my own way over at her house. I was the one who set her up in that house. For her to take up with a little two-by-four like him, put me out of her house to give him room—no self-respecting man could put up with it, and I'll smash him for it if I have to keep at it from now till the cows come home. If Tweed was only back in popular favor, as he was a little while ago, I could get a couple of men from his gang of

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'Dead Rabbits' to help me with the job. But I've got an ace up my sleeve. I'll show them yet!"

Jim went down to the Grand Central Hotel on Broadway. He had an appointment with a woman and her daughter. Just as he got inside the door, Stokes met him and shot him. The next morning Fisk died, and Gould had lost his most faithful follower.

Jay Gould went down and sat silently near the body. Bill Tweed came down too; for awhile he stood at the head of the coffin, but Tweed was no longer the power, only the shell, and after awhile he could not stand the glaring and went away. The newspapers talked a lot about the Higher Power; but Henry Ward Beecher let loose the oratorical prize:

"And that supreme mountebank of fortune—the astounding event of his age: that a man of some smartness in business, but absolutely without moral sense, and as absolutely devoid of shame as the desert of Sahara is of grass,—that this man, with one leap, should have vaulted to the very summit of power in New York, and for seven to ten years should have held the courts in his hands, and the Legislature, and the most consummate invested interest of the land in his hand, and laughed at England, and laughed at New York, and matched

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himself against the financial skill of the whole city, and outwitted the whole, and rode out to this hour in glaring and magnificent prosperity,—shameless, vicious, criminal, abominable in his lusts, and flagrant in his violation of public decency,—that this man should have been the supremest there; and yet in an instant, by the hand of a fellow-culprit, God's providence struck him to the ground! Yet I say to every young man who has looked upon this glaring meteor, and seen his course of prosperity, and thought that perhaps integrity was not necessary, 'Mark the end of this wicked man, and turn back again to the ways of integrity!' "

In the year 1927, Carl Sandburg, in his *American Song-book*, put the song of Jim Fisk under the heading of "Bandit Biographies."

## CHAPTER XIV.

### OUT OF THE ERIE

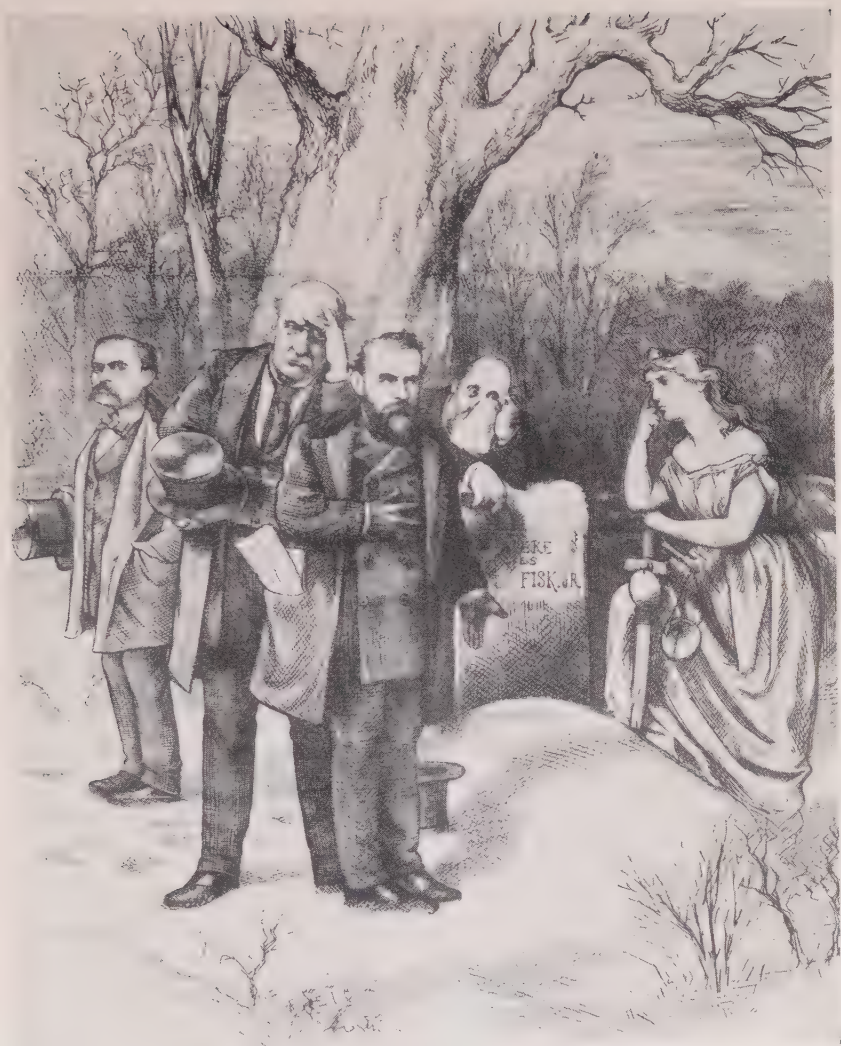
GOULD was to find the operation of the Erie without Fisk rather difficult. Fisk had been very popular with the employees and a large group of stockholders. They loved his bombast about the "thirty-five hundred wives and children that the Erie was feeding," his obscene jokes, and his democratic hand-shaking, back-slapping attitude toward them. Gould they feared and admired, but they did not understand his reticence and coolness. The anti-Gould forces were encouraged, by Fisk's death, to attempt a fight against the Erie management.

Strangely, the most astounding manipulations had not discouraged English investors from continually purchasing Erie stock, although an issue of United States bonds selling below par could find few purchasers in England. The English capitalists combined with Gould's opponents in America to make a determined fight to oust Gould. General Daniel E. Sickles, one of the heroes of Gettysburg, was then Minister to Spain. He was en-

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gaged to lead the anti-Gould forces against the Erie strongholds. He secured leave of absence from his post and came to America to organize the forces. As aids, he secured General John A. Dix (later elected Governor of New York), General George B. McClellan, and William R. Travers.

In March, 1872, the blow was struck. A man named Archer had been elected Vice-President in place of Fisk, and with his aid the maneuver was launched. Gould had made Archer Vice-President to conciliate the opposition. Archer had won over several members of the Board of Directors against Gould, and this group wrote to Gould asking him to call a meeting of the board. As Gould did not respond, Vice-President Archer called the meeting. The revolutionists assembled at General Barlow's house and prepared to carry the Grand Opera House, where the Erie offices were located, by storm. Gould, getting wind of this plan, had the Opera House barricaded by his men, with instructions to pass no one in. But Archer's men succeeded in passing the picket line, and a meeting was called inside the building. Gould ordered his opponents to leave the building, but they refused. He thereupon called upon David Dudley Field to secure legal measures to put them out. Field was one of the most prominent members of the New York Bar, and a leader in politics. One of his brothers sat on the bench



"DEAD MEN TELL NO TALES"

*Jay Gould: "All the sins of Erie lie buried here."*

*Justice: "I am not quite so blind."*



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of the United States Supreme Court and the other, Cyrus W. Field, was father of the Atlantic cable. Field appeared with forty policemen and ordered the intruders to leave. Archer and his associates meant business, however, and defied him. They calmly proceeded to elect a new Board of Directors. The *World* of March 11, 1872, thus describes the events of that night:

"The scene at the Grand Opera House was one to be remembered. Gould and Eldridge, with their counsel in one room, and the newly chosen directors in another, the doors of both rooms barred, opening to no one but an avowed friend, each fearful of orders of arrest being served upon them, every spare room in the offices filled with blue-coated officers of the peace, sitting in all the chairs and on the tables, and lying on the floors, and an intense sense of subdued excitement pervading the heavy air of the place."

It was the sort of situation which Jim Fisk could have handled admirably. Gould did not relish the excitement and publicity which were incidental to the struggle. As a matter of fact, Fisk's presence might have avoided the whole trouble. "The feeling against Gould," said General Barlow, "grew in great part since Fisk's death. Fisk was always popular with the people of the road and in the office. Had he been alive, we should have had more

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trouble or perhaps the move would never have been made." It was the sort of situation Gould could not handle alone, and his opposition was feeble.

The opposition party now secured some material which took all the strength out of Gould's position. Some time before, Gould, in company with Horace F. Clark, had engineered a successful corner in Northwest stock. In an investigation of corners, Gould described the operation. He was interested "in the Chicago & Northwest corner. The stock was selling at seventy-five. I considered this very cheap, and I bought." He bought a great deal more stock than was in existence, and the shorts were cornered. The price went up to two hundred fifty. "I was induced," said Gould, with charming frankness, "to part with some at that price." One of the leaders of the shorts in that coup was Henry N. Smith, who had up to a short time before been Gould's partner in the brokerage firm of Smith, Gould & Martin. Smith was very tightly squeezed in the operation and all but ruined. He was anxious for revenge, and saw an opportunity to embarrass Gould by delivering to his opponents the books of the firm which were in his possession. Enough evidence could be secured from these books to send Gould to jail, and Gould knew it. After a gesture, offering to leave all matters in dispute to Horace Greeley, he decided that the wisest thing to do was to

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retire from the Erie before too many old scores were raked up. He relinquished control, but for a short time remained as a director.

The Erie reform party was by this time thoroughly aroused and much encouraged. It instituted suit against Gould for \$12,803,059. This amount represented the proceeds of bonds converted into stock to the extent of 407,347 shares, which were sold by Gould's firm and the proceeds transferred to Gould's personal account instead of being paid into the Erie treasury. Gould was arrested and placed under heavy bond, which he furnished. The evidence was so plain that it looked as though Jay Gould would have a hard time keeping out of jail.

The situation was indeed serious, but then Jay Gould had been in serious situations before, and had managed to come out safely and profitably. When Gould had retired from the presidency of the Erie, General Dix had replaced him. The latter had been elected Governor of New York, and a man by the name of Watson had been made president. Horace F. Clark, who was close to Gould, had a great deal of influence over Watson, and urged the latter to compromise with Gould. Negotiations were started, and it was secretly agreed that Gould was to make part restitution, on condition that the criminal charges be withdrawn.

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Here was a new situation, and every new situation meant a new possibility for profit to the wily Gould. He was now out of the Erie, but he meant to leave it under good auspices and in his accustomed style. Gould entered into an arrangement with Clark and Watson to "rig" the stock market on the basis of the settlement. One day it was reported that Gould intended to restore the plunder, and the price of Erie advanced. A day or two later there was a denial of the report; down came the price. This was repeated several times, and with each announcement Gould bought at the top and sold at the bottom. It was his farewell bow to "The Scarlet Woman of Wall Street."

Finally the restitution was announced with loud huzzahs and a flourish of trumpets. The agreement called for the turning over to the Erie by Gould of a large amount of property, in consideration of the withdrawal of all suits against him, and his release from any criminal responsibility. Ever careful, Gould also specified that this restitution was not to be considered as an admission of wrong-doing. The Opera House and adjoining buildings were made over to the Erie, and in addition stocks of the par value of about six million dollars—the amount was six million dollars in par value, but in reality the entire batch was worth very little. J. G.

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Guppy told the Hepburn Committee, which later investigated the Erie, that he would not give two hundred thousand dollars for the entire lot. Among the securities were one million dollars of United States Express stock to be issued, which Gould guaranteed to be issued, but never were.

When Hugh J. Jewett became receiver of the Erie he told the Hepburn Committee:

"Mr. Watson had made a settlement with Mr. Gould, in which he received in liquidation of this account, or such portion of it as he supposed he could recover, certain assets. When I came here, I sought to realize on these assets. I found many of them totally worthless, and some which were of value were encumbered by existing liens."

When Gould was ousted from the Erie, the total stock and funded debt was eighty-six million dollars, an increase during Gould's administration of sixty-four million. Yet during that time not one dollar was represented by any additions to the real investment of the railroad. Though one of the most important systems in the country, and doing an enormous business, it was so crippled with its enormous security issues that

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for many years it was forced to remain in a receiver's hands. Not till 1891 did it pay a dividend.

Gould had been forced out of the Erie; but, as Jim Fisk would put it, "Cheer up, my hearty! Nothing is lost save honor!"

## CHAPTER XV

### THE PACIFIC RAILROADS

WITH the Erie lost, Jay Gould looked around for a new field for investment and manipulation. About 1873, he became interested in the Union Pacific Railroad, which was paying large dividends, and reputed to be a permanently valuable property. According to his own story, he bought ten million dollars worth of its stock purely as an investment. He had the certificates bound into a book and put in a safe, as he told a friend at the time, for his "wife and family as an investment." This is probably true, but he soon discovered that the investment promised manipulative profits. A year after purchasing this large block of stock, he was made a director of the road, but he did not become very active in its management or the manipulation of its securities until 1887. In the meantime, he engineered several purely manipulative operations which served to increase the funds he could use for investment for his "wife and family."

James R. Keene was one of the men who came in Gould's way and was crushed. He had been a successful

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lawyer and miner in California and had come East to conquer Wall Street. His ventures were at first extremely lucky. Gould took him in on a deal to put down Western Union, and he cleared a million dollars. Inside of a few years he had increased his original three million to nine million. He soon spread himself a little too far. He began to believe that it was impossible for him to fail in any venture. He speculated in anything that came along,—wheat, lard, opium, and fast horses. The Pacific Coast made of him an idol, and a biographer of the period wrote, "The California goose that was to be plucked wasn't plucked. Even Jay Gould, with all his shrewdness, gave it up as a bad job, and Vanderbilt condescends to confer with Keene on momentous occasions."

But the goose was finally plucked. Addison Cammack came to Gould and ventured the opinion that Keene was holding more than he could carry. There is no one more alert to spot a weak brother in the ranks than the Wall Street operator. Cammack and Gould went after Keene, and it was not long before he was ruined. In the bear campaign, directed by Gould, Keene lost seven million dollars, which were scooped up by Cammack and Gould, and added to the "family funds for future investment."

It was in 1878 that Jay Gould began to tap the manipulative possibilities of the Union Pacific. He had been a director of the road since 1874, but this did not pre-

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vent him from purchasing control of a small rival road, the Kansas Pacific, a line of six hundred and thirty-eight miles running westward from Kansas City to Denver and parallel to the Union Pacific. It had been in the hands of the receiver since 1874, and was in very bad condition. Its stock was selling at about ten dollars a share, and it was at this price that Gould bought control.

Gould then made a hurried trip to Europe to see the foreign interests which held a large block of Denver Pacific securities. He went over to Amsterdam, and in one morning completed negotiations for the purchase of a large block. With the stock he had previously purchased in America, this new accumulation assured control. In November, 1879, Gould purchased the Missouri Pacific from Commodore Garrison. He then bought out ex-Governor Ames' interest in the Central Pacific. All this was done so rapidly and so quietly that no one suspected the reason for this sudden desire to acquire these comparatively worthless roads. By the end of 1879, Gould controlled the Kansas Pacific, Denver Pacific, Missouri Pacific, and Central Pacific. These are all small roads and not particularly profitable.

When they had been safely tucked in, Gould calmly proposed to the directors of the Union Pacific a consolidation of all the roads under his control with the Union Pacific, on a basis of share for share exchange.

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As Kansas Pacific, for instance, was then selling for thirteen dollars a share and Union Pacific for sixty, the proposition appeared preposterous, and the board of the Union Pacific refused to consider Gould's proposal. Gould's answer was an active rate competition with the Union Pacific, in spite of the fact that he was a director of it. The Kansas Pacific, being bankrupt, had no interest charges to meet, and Gould was able to cut freight and passenger rates. This was not sufficient to bring the Union Pacific to terms; so Gould announced his intention of extending the Kansas Pacific to Salt Lake City, there to connect with the Central Pacific and form a new transcontinental route. This threat brought the Union Pacific to terms, and the result was the consent of its directors to the execution of an agreement dated January 14, 1880, "whereby the Union and the Kansas Pacific, with all their respective assets and liabilities, were put together at par of their respective capitals . . . to which was added the capital of the Denver Pacific."

Gould had coolly put over a plan that had netted him well over ten million dollars in less than two years. The Pacific Railway Commission conducted an investigation into the merger in May, 1887. Jay Gould's testimony was unusually complete and frank. His testimony

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is given here, together with the *Herald's* report of the proceedings:

"A dapper little man in plain pepper and salt (the pepper predominating) business suit entered the Pacific Railway Commissioner's office yesterday morning and sat down quietly with his not overshiny silk hat on his knees. The natty gentleman, unobtrusive possessor of the small dark and brilliant eyes, was the man of millions. He had lots of information for the commission, and he gave them more of the inside facts of the early consolidation deals of the Union Pacific than they had hoped to get.

"It had been expected that Mr. Gould would prove a wily witness, hard to corral, and liable to shy over the fence at the slightest provocation, but at the very outset his manner was a complete surprise. He told the commission that he was suffering from neuralgia, and that he could not speak very loud in consequence. There were times during his examination that his tone was faint, and it was loud only two or three times, when he became very much interested in some explanations. At all times, however, it was well modulated, and now and then had a musical cadence about it that was very pleasing.

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"He first became interested in Pacific roads in 1873. He bought Union Pacific stock in the market, but it went down to fourteen cents on the dollar. He held about 100,000 shares. He had a consultation with Sidney Dillon, and finally made a proposition to fund the floating debt in bonds, of which he took a million dollars' worth at above their par value. In 1874 he became a director and served on the executive committee. He continued in the direction during 1874, 1875, and 1876, and went over the road twice a year. He had no interest in the Fisk suit, but knew it was brought. He had no contingent interest whatever in the suit. He became interested in the Kansas Pacific in 1878, but thought he knew the road in 1874. He remembered a proposition looking toward a unity of interest between the Denver Pacific and the Colorado Central.

"Being examined as to the positions of the roads, and as things did not appear to be very clear, Mr. Gould, putting his hand to his inside pocket, said, 'I have a little map here if you are not familiar with the location.'

"The little map was brought out and all hands gathered around it, while Mr. Gould's index finger went on an excursion over states and territories in absolute defiance of the Interstate Commerce Law. He recalled

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the fact that the plan of consolidation was considered as early as 1875, after Mr. Anderson read some extract from a paper, but he said it was not carried out then. He might even have had a talk with Scott about it, on further consideration.

"The little road connecting with the Colorado Central was built by him, and was the result partly of the contest between the Union Pacific and the Kansas Pacific. Prior to 1878 he could not recollect having owned any stock or securities of the Kansas Pacific. His interest in the Union Pacific had increased to two hundred thousand shares, the total issue of stocks being three hundred sixty-seven thousand. He kept books of his transactions. Mr. Morosini kept them part of the time.

"Q. 'Where are the books?' A. 'I have them.'

"Q. 'Where?' A. 'In my possession.'

"Q. 'Are they at the service of the commission?'

"A. 'If they desire them, with the greatest of pleasure.'

"This was the first sensation of the day, and the witness smiled blandly as he felt the full force of it.

"Up to this time he had answered every question promptly. There appeared to be no hesitation on his part, and, indeed, there was none during the entire day's session. Almost every preceding witness had taken

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refuge behind 'I don't know,' or 'I cannot remember,' or 'Really, I am not sure,' but there was none of this from Gould, and the apparently full and free offer of his books capped the climax.

"After this, whenever his memory was in any way at fault, the witness fell back on the books. When asked why he had bought certain stocks, he said the books would show.

" 'Will your books also show who the broker was?'

" 'Oh, yes; certainly.'

"In the matter of the St. Louis pool he had conversed with a number of persons.

"Q. 'With whom did you converse?' A. 'I presume with all the signers of the agreement.'

"Q. 'Will you tell us all about the preliminary measures leading up to this?' A. 'I would have the neuralgia a good deal worse than I have if I undertook to tell you all of the details.'

"This was the original proposition of consolidation, which was a stock instead of a bond agreement, and it was soon demonstrated that it would not work.

"Q. 'How soon after this was the new arrangement entered into?' A. 'Almost immediately afterward, I think. The object was the funding of a heterogeneous mass of securities into one class of securities.'

"Q. 'Did you confer with others?' A. 'I conferred

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with myself as well as others. What I thought was a fair price for me was a fair price for the others.'

"Q. 'To whom did you deliver your bonds?' A. 'I suppose to the committee, but I do not know.'

"Q. 'But you would not deliver two million dollars to a man in whom you did not have confidence?' A. 'Probably not.'

"Q. 'Who kept the accounts?' A. 'I don't know.'

"Q. 'You don't remember?' A. 'I don't charge my memory with these things after they are over; but my books will show, and they are at the service of the commission.' Mr. Gould's manner in saying this was unusually suave and polite, and the lines of his mouth relaxed just enough to suggest a smile.

"In speaking a few moments later of the securities bought by Mr. Gould from the 'St. Louis parties,' he was asked of whom he bought them. 'I cannot tell about that offhand, but my books will show it.'

"'Which of the St. Louis people did you confer with?'

"'I think they came on here to see me. They were tired out and wanted to sell, and came over to do it.'

"'Then you bought all the securities first and tried to get some other gentlemen to go in with you afterward?'

"'Yes, several gentlemen whom I thought would be

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of service to the road. There ought to be some books. Somebody must have kept accounts of the transactions. My recollection is that these people came on and told me they wanted to sell. I asked them how much they thought they ought to have, and they gave me the price quoted in the agreement. I simply said, "I will take them," and that was all there was to it. That is my recollection. In 1879 I owned about \$4,000,000 worth.'

"The examination led into the stamped income bonds of the Kansas Pacific, and Mr. Gould was asked as to the condition of the road. He thought it was poor. The road had a large intrinsic value, but it had been badly financed and its securities were away down.

"Q. 'Did you not buy some of your securities abroad?' A. 'I bought two millions of Denver Pacific at seventy-four cents, I think, from some Amsterdam people. I was in London and heard that they wanted to sell. I was afraid to go over, because I had very little time, and thought they would probably take a couple of days to smoke before finding out whether they would sell or not. But I was mistaken. I went over and got to Amsterdam in the morning; washed and had my breakfast. I saw them at eleven, bought them out at twelve, and started back in the afternoon.'

"When Mr. Gould was asked as to the prices he had paid for securities with which he had acquired the



### THE WALL STREET ORPHEUS

*Old Orpheus with his merry tone  
Made nimble kids of stock and stone;  
Our Orpheus, more to profit prone,  
Plays to the dance of stock alone.*



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Kansas Pacific bonds, he took out his papers and handed the commission a series of neatly written reports on these purchases and sales. The men to whom he sold the securities were all directors of the Union Pacific. They, the witness thought, retained their bonds until the consolidation, as they were bought with a purpose. 'The Denver stock was called trimmings,' said Mr. Gould, smiling, 'and went with the bonds.' On the consolidation of the company he transferred twenty-seven thousand shares of Union Pacific Railroad stock for new stock. He had transferred his Union Pacific stock at one time to other persons on account of a peculiar law in Massachusetts, which enables an attachment of stock on a suit, whether there was anything in it or not. 'I found out about that law,' said Mr. Gould, 'and put the stock in somebody else's name. You can't tell anything,' he continued sharply, 'about any stock list. There are many shares of stock held by brokers for years.'

"After the consolidation he had begun to distribute his stock among other holders. 'I made up my mind,' he said, 'that it would be better to have four or five stockholders do a little of the walking instead of me.'

"Q. 'That idea was very much stimulated by the rise in the stock after the consolidation, was it not?'

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A. 'Yes, because the stock went up so much that there wasn't enough to go round.'

"The witness told the story of the employment of General Dodge and Solon Humphreys to recommend the consolidation. They were fair men, he thought, and would make a fair report. He had not talked to them after they went West to make their report.

"Q. 'How is that?' A. 'Well,' he naïvely replied, 'while they were making their examination my interests had changed.'

"Q. 'They had changed?' A. 'Yes, I had bought the Missouri Pacific.'

"Q. 'Did General Dodge and Mr. Humphreys look into the past history of the road?' A. 'I consider the future of a road more important than its past.'

"Q. 'Yes, but what I want—' A. 'The past was no criterion as to the Union Pacific road.'

"Q. 'But don't you think that General Dodge and Mr. Humphreys—' A. 'All my life,' said Mr. Gould, warming up, 'all my life since I became of age, I have been dealing in railroads, and I have always considered their future and not their past. That is the way I have made my money. The very first railroad I ever bought had a most deplorable past, but its future was fair. I paid ten cents on the dollar for its bonds, and finally sold the stock for a dollar twenty-five. It was the fu-

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ture of the Union Pacific that drew me into it. I went into it to make money.'

" 'You were not in favor of the consolidation at the time it was made?'

" 'No, my interests had changed.'

" 'Did you try to stop it?'

" 'Well,' said Mr. Gould slowly, 'my opposition to it was known and they were greatly alarmed.'

" 'Who?'

" 'Ames, Dexter, Otkins, and Dillon. They came on from Boston to see me about it. They had heard that I was going to build an extension to the Denver Pacific and connect the Missouri Pacific. They said I was committed to the consolidation and laid right down on me. I offered my check for \$1,000,000 to let me out, and have offered it since. I will pay it now,' said the witness, with a strong rising inflection of the voice and looking hard at the Union Pacific people in the room. 'I offered them a million, but they would not let me out of the room until I had signed an agreement to carry out the consolidation.'

" 'Where is that paper?'

" 'I suppose it is in Boston. If I could have carried out my Missouri Pacific plan, I should have a property now that would be worth par.'

" 'I don't think you have any reason to complain of

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your profits in the matter.' replied Mr. Anderson, at which Mr. Gould partly closed his eyes to hide their twinkle, and said nothing.

"The paper which he signed was an agreement to carry out the consolidation on certain terms. The consolidation was an assured fact after January 15th, because the witness held the controlling interest. 'But I have now ceased to be the tower of the Union Pacific,' he said.

"In referring to Mr. Gould's connection with Lawyer Holmes at the time of the consolidation, Mr. Anderson asked whether he was sure about a certain conversation. 'Yes,' he said, 'for I had it impressed on my mind.'

" 'How was that?'

" 'Well, I remember parting with a lot of stock at ten cents for which I could have got par a few days afterward. Wouldn't that impress the occasion on your memory, Mr. Anderson?'

"Everybody laughed at this, and the witness, although he had lost a million or two, laughed as heartily as the loudest.

"As far as the Denver Pacific stock was concerned, Mr. Gould said it was worth practically nothing, unless the consolidation was made. It was the signature of the Union Pacific that made it good.

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“‘Do you consider that the trustees fulfilled their duty in letting this stock out of trust?’ he was asked. ‘I consider that it was the only thing to do, and I stand on what was done. I am ready to take the responsibility for it that day, or this day, or any other day.’”

Henry Villard, in his “Memoirs,” tells the rest of the story:

“Gould, having purposely let his intention to consolidate the Kansas Pacific with the Union Pacific be known, the stock of the former, which had sold as low as three dollars a share less than four years ago, was quickly quoted as high as the latter and followed it far above par. Gould, not long after the consolidation, sold all his stock. He was understood to have cleared ten million dollars by this operation, which was one of the principal episodes of that speculative time.”

The story of Gould’s wholesale purchase of the western railroads reached far and wide. On his next trip to Europe, he sent in his card to one of the Rothschilds. Remembering Gould’s previous trip to Europe, when he bought up all the European holder’s securities, Rothschild requested the messenger to inform the gentleman that Europe was not for sale.

## CHAPTER XVI

### THE WESTERN UNION

**A**FTER his successful operation with the Union Pacific, Gould set out to get control of the telegraph companies, which were reputed to be extremely profitable. He had at that time an interest in a small company called the Atlantic & Pacific, which was over-shadowed by the Western Union, then controlled by the younger Vanderbilt. His own story of the operation was given to the Senate Committee on Labor and Education.

"I am interested in the telegraph," he told the committee, "for the railroad and telegraph systems go hand in hand, as it were integral parts of a great civilization. I naturally became acquainted with the telegraph business and gradually became interested in it. I thought well of it as an investment and kept increasing my interests. When the Union Pacific was built, I had an interest in a company called the Atlantic & Pacific, and endeavored to make that a rival to the Western Union. We extended it considerably, but found it rather uphill work. We saw that our interests lay more



THE MODERN JUGGERNAUT.



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with the Western Union. Through that we could reach every part of the country and through a small company we could not; so we made an offer to sell to Western Union the control of the Atlantic & Pacific. At that time a very dear friend of mine was the manager, and I supposed that he would be made the manager of the Western Union, but after the consolidation was perfected it was not done, and I made up my mind that he should be at the head of as good a company as I had taken him from. The friend was General Eckert, and for him I started another company, the American Union, and we carried it forward until a proposition was made to merge it also into the Western Union. As the stock of the latter went down, I bought a large interest in it, and found that the only way out was to put the two companies together. General Eckert became general manager of the whole system. Meantime I bought so much of its property and its earning power that I have kept increasing my interest. I thought it better to let my income go into the things that I was in myself, and have never sold any of my interests, but have devoted my income to increasing them. This is the whole history of it."

The pretended motives of Gould in this transaction seem rather hard to reconcile when his story is compared with the complete facts. It must have been some-

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thing more that the devotion to a friend which caused him to combine and manipulate the several properties with the same subtlety and elaborateness of plan that marked his gold operations.

When Gould sold his small company to the Western Union, it was naturally thought that he was ready to retire from competition in that field. But this sale was merely a part of his plan to cover up his attempt at control of the Western Union. It was exactly opposite to the procedure most operators would have pursued in the same circumstances. The American Union Company, which he formed, presumably to give his friend, General Eckert, a job, had an initial capital of only five thousand dollars. It paralleled some of the lines of the Western Union, and cut the rates on those routes regardless of cost of operation. In the meantime, while embarrassing the Western Union in its operating activities, Gould was conducting a campaign against its stocks. Norvin Green was then President of the Western Union. It was reported to him that the Gould campaign was bringing the Western Union to terms. "Impossible!" said Green. "It would bankrupt Gould and all his connections to parallel our lines, and to talk of harmony between him and us is the wildest kind of speculation." A few months afterward Norvin Green reported to his chief, Jay Gould, for instructions.

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Jay Gould had secured control of Western Union purely through his market transactions. He had a large short interest, and in covering his sales he purchased enough stock to control. He arranged a consolidation of the two companies. Exactly how he managed this will probably never be known, but Edward Bok, who was at one time his stenographer, and profited along with Gould, in a small way, tells how Gould managed to make a profit on the preliminary speculation regarding the transaction.

"The control of the Western Union Telegraph Company had now passed into the hands of Jay Gould and his companions, and in many legal matters arising therefrom Edward saw much, in his office, of "the little wizard of Wall Street." One day, the financier had to dictate a contract, and, coming into Mr. Cary's office, decided to dictate it then and there. An hour afterward Edward delivered the copy of the contract to Mr. Gould, and the financier was so struck by its accuracy and by the legibility of the handwriting that afterward he almost daily "happened in" to dictate to Mr. Cary's stenographer. Mr. Gould's private stenographer was in his own office in lower Broadway; but on his way downtown in the morning, Gould invariably stopped at the Western Union Building, at 195 Broadway, and the habit resulted in the installation of

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a private office there. He borrowed Edward to do his stenography. The boy found himself taking not only letters from Mr. Gould's dictation, but, what interested him particularly, the financier's orders to buy and sell stock.

Edward watched the effects on the stock market of these little notes which he wrote out and then shot through a pneumatic tube to Mr. Gould's brokers. Naturally, the results enthralled the boy, and he told Mr. Cary about his discoveries. This, in turn, interested Cary; Gould's dictations were frequently given in Cary's private office where as his desk was not ten feet from that of his stenographer the attorney heard them, and began to buy and sell according to the magnate's decisions.

Edward had now become tremendously interested in the stock game which he saw constantly played by the great financier; and having a little money saved up, concluded to follow in the wake of Gould's orders. One day, he naïvely mentioned his desire to Gould when the financier seemed in a particularly favorable frame of mind, but Edward did not succeed in drawing out the advice he hoped for. "At least," reasoned Edward, "he knew of my intention; and if he considered it a violation of confidence he would have said as much."

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Construing the financier's silence to mean at least not a prohibition, Edward went to his Sunday-school teacher, who was a member of a Wall Street brokerage firm, laid the facts before him, and asked him if he would buy for him some Western Union stock. Edward explained, however, that somehow he did not like the gambling idea of buying "on margin," and preferred to purchase the stock outright. He was shown that this would mean smaller profits; but the boy had in mind the loss of his father's fortune, brought about largely by "stock margins," and he did not intend to follow that example. So, prudently, under the brokerage of his Sunday-school teacher, and guided by the tips of no less a man than the controlling factor of stock-market finance, Edward Bok took his first plunge in Wall Street.

Of course, the boy's buying and selling tallied precisely with the rise and fall of Western Union stock. It could scarcely have been otherwise. Jay Gould had the cards all in his hands, and as he bought and sold, so Edward bought and sold. The trouble was, the combination did not end there, as Edward might have foreseen had he been older and thus wiser; for as Edward bought and sold, so did his Sunday-school teacher, and all his customers who had seen the wonderful acumen of their broker in choosing exactly the

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right time to buy and sell Western Union. But Edward did not know this.

One day a rumor became current in the Street that an agreement had been reached by the Western Union Company and its bitter rival, the American Union Telegraph Company, whereby the former was to absorb the latter. Naturally, the report affected Western Union stock. But Mr. Gould denied it *in toto*; said the report was not true, no such consolidation was in view or had even been considered. Down tumbled the stock, of course.

But it so happened that Edward knew the rumor was true, because Mr. Gould, some time before, had personally given him the contract of consolidation to copy. The next day a rumor to the effect that the American Union was to absorb the Western Union appeared on the first page of every New York newspaper. Edward knew exactly whence this rumor emanated. He had heard it talked over. Again, Western Union stock dropped several points. Then he noticed that Gould became a heavy buyer. So became Edward, as heavy as he could. Gould poohpoohed the latest rumor. The boy awaited developments.

On Sunday afternoon, Edward's Sunday-school teacher asked the boy to walk home with him, and on reaching the house took him into the study and asked

## THE STORY OF A FORTUNE

him whether he felt justified in putting all his savings in Western Union just at that time when the price was tumbling so fast and the market was so unsteady. Edward assured his teacher that he was right, although he explained that he could not disclose the basis of his assurance.

Edward thought his teacher looked worried, and after a little there came the revelation that he, seeing that Edward was buying to his limit, had likewise done so. But the broker had bought on margin, and had his margin wiped out by the decline in the stock caused by the rumors. He explained to Edward that he could recoup his losses, heavy though they were,—in fact, he explained that nearly everything he possessed was involved,—if Edward's basis was sure and the stock would recover.

Edward keenly felt the responsibility placed upon him. He could never clearly diagnose his feelings when he saw his teacher in this new light. The broker's "customers" had been hinted at, and the boy of eighteen wondered how far his responsibility went, and how many persons were involved. But the deal came out all right, for when, three days afterward, the contract was made public, Western Union, of course, sky-rocketed, Jay Gould sold out, Edward sold out, the teacher-broker sold out, and all the customers sold out!"

## CHAPTER XVII

### THE ELEVATED RAILWAYS

EARLY in 1881 Gould's attention was attracted to the condition of the elevated railway companies in New York City. The Western Union maneuver had been eminently successful, and Gould was encouraged to try an entirely new field. His investigation of the situation convinced him that the three separate companies operating the system were all in weak hands; there was an enormous watering of stock, and the companies, with their managers, were exceedingly vulnerable.

The Manhattan Elevated Railway Company was virtually in control of the situation, although only a holding company. It had no operating system of its own, but had secured leases from the other two companies, the New York Elevated Railway Company and the Metropolitan Elevated Railway Company. Thirteen million dollars in stock of the Manhattan Company had been paid as consideration for the leases. It appeared, however, that the Manhattan Company was incorporated for only two million dollars, and that no

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authority had ever been secured for the over-issue of stock. The three companies were owned by different groups of individuals, and the constant conflict between these parties had seriously interfered with the profitable operation of the roads. Jay Gould made an intensive study of the situation and decided that the chaotic condition of affairs would serve him excellently in his desire to gain control of the system at a fraction of its worth. Gould's plan in this operation could not better illustrate the intricate perfection of this manipulative mind. To purchase the stock of the elevated roads cheaply, it was first necessary to convince or frighten the present shareholders into believing their property of slight value; but, if these efforts failed, it would be necessary actually to depress values by embarrassing or crippling the roads.

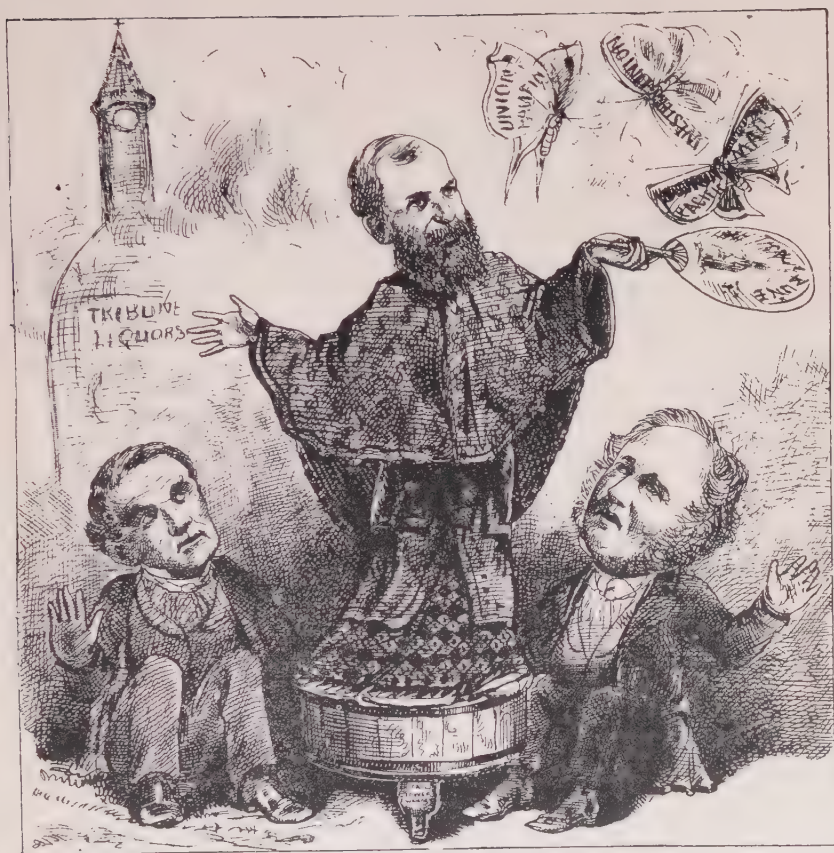
Gould began his investigation early in 1881. By May he had completed his analysis and formed his plans. His first measures were through the courts. On May 18th, 1881, two legal proceedings were instituted. Attorney General Ward of New York appeared on the afternoon of that day before Judge Donahue in Supreme Court Chambers in New York and asked leave to begin a suit on behalf of the people to annul the charter of the Manhattan Elevated Railway Company. In support of his application, the Attorney General made an affida-

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vit declaring that facts had come to his knowledge which, in his opinion, made it necessary that an action should be commenced forthwith against the Manhattan Railway Company, a corporation under the laws of this state, by the people of this state, to procure a judgment dissolving the corporation and forfeiting its corporate rights, and vacating and annulling the charter and existence of the corporation. Judge Donahue promptly granted the permission, and Burton N. Harrison was specially retained by the Attorney General to present the case. As the purpose was not to press the matter, awaiting developments in other directions, a postponement was asked and granted. The psychological effect was all that was desired at the moment.

Toward the end of June, 1881, the law firm of Lawrence & Waehner began an action on behalf of an obscure client, to obtain an injunction restraining the Manhattan Railway Company from paying any money as dividends to the stockholders of the Metropolitan Railway Company, one of the two operating companies which held the thirteen million dollars stock of the Manhattan. This injunction was readily obtained and dividends were held up.

On July 1st of the same year, one George S. Lespinasse obtained a similar injunction in the same court restraining the payment of any dividends to the stock-



THE JAPANESE BUTTERFLY TRICK.

DREW AND VANDERBILT:—HOW EVER DOES HE MANAGE TO KEEP THEM UP



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holders of the New York Railway Company, the second of the operating companies.

Three separate suits had been instituted. It happens that the law firm of Lawrence & Waehner were the attorneys for Washington E. Connor, Gould's broker. By a further coincidence Lespinasse was the agent of José de Navarro, at this time closely associated with Gould in several operations. But the most surprising thing of all was that the Attorney General had suddenly decided to attack a company which had been operating under the present plan for years; a decision which coincided strangely with the beginning of Gould's campaign to depress the price of the stock.

Early in July, 1881, Cyrus W. Field, then active in the New York Railway Company, and later to have an unfortunately close connection with Gould, began an action to take the New York Company out of the hands of the Manhattan Company.

At the beginning of July, 1881, there were, therefore, suits pending against all three elevated railway companies in all the state courts in the city in which suits could be brought. For the time being, enough legal actions had been brought to emphasize to the numerous stockholders that their stock ought to be sold, because there were going to be a great many complications in the affairs of these roads.

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While the legal attack was going on, Gould was conducting a vigorous publicity campaign against the elevated railway companies in the columns of the *New York World*, which he owned at the time. The attacks were directed particularly against the Manhattan. On May 19th, 1881, the day after the first suit was brought, the following appeared as part of an editorial:

"Attorney General Ward, in an interview which appears this morning in our stock columns, sustains every position which the *World* has taken against the solvency and good faith of the Manhattan Elevated Railway Company, and his views seem to go far toward making its original directors amenable to the statutes against conspiracy."

On May 20th, the financial page carried a long article on the Manhattan. Among other admonitions to Manhattan stockholders, the financial editor had this to say:

"There were rumors that papers in new suits were preparing today against the members of the Manhattan Board of Directors individually. The men who are fighting the directors are very strong."

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Almost every day, either on the editorial page, in the news columns, or on the financial page, the *World* consistently warned its readers that the Manhattan Company was in bad shape. As the campaign progressed, the advice became more direct. On June 2d, the financial page gave this warning to the public:

"The Governing Committee of the Stock Exchange, which professes to be very particular as to the class of securities admitted on the list for dealing, would do well to order an investigation at once into the condition of the Manhattan Company. . . . The elevated railroad properties may be very valuable, but the business of these roads is not valuable enough to warrant the present prices of the stock."

Rumors soon began to go the rounds that Jay Gould and his associates were buying into the Metropolitan and Manhattan Companies. This was undoubtedly true, but Gould was not yet ready to make the fact public. The stock was not yet low enough, and he had not yet bought sufficient securities to put him in control. Until that time, the stock must be unceasingly hammered. On June 15th, 1881, there appeared a denial of this rumor:

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"The rumor, industriously circulated, that Mr. Gould's party is largely interested in the Metropolitan and Manhattan Companies, has been put forward merely to make a market on which to sell the stocks of these companies. . . . Most people agree in conceding that the longer the Manhattan Company exists the greater its indebtedness will become."

On June 19th, the financial page carried an even more definite denial of Gould's interest:

"Mr. Gould and those connected with him express themselves very clearly to the effect that they will not allow their names to be used as directors of either the Manhattan or the Metropolitan Company."

The attack on the elevated roads had begun to have its effect, but the campaign was far from complete. The stock of the Manhattan Railway Company had sold as high as fifty-seven dollars, a share in 1880. It had fallen to twenty-nine, on May 18, 1881, the day the first suit was commenced. On May 19th, it closed at twenty-five. As Gould kept hammering, the stock broke. On July 9th it closed at twenty-three; on the 11th, at twenty-two; on the 12th at twenty; and by the end of the month had gone down to fifteen and a

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half. In this period, there had been nothing in the operating situation to depress the actual value of the road. The legal actions, the press campaign, the unsettling rumors, the combination of these carefully coordinated attacks, had successfully depressed the stock to a "reasonable" value. At this "reasonable" point, Gould and his associates began to buy.

Gould now decided to add the weight of a sworn public statement by prominent financiers to the force of his "bear" campaign. An affidavit concerning the affairs of the Manhattan was filed in the Supreme Court in support of the Attorney General's action in the case of the People of the State of New York against Manhattan Elevated Railway Company, defendants. It was signed, among others, by a respected philanthropist, Russell Sage, a public idol, Cyrus W. Field, and by Jay Gould. Its language permitted of no doubt as to the opinion of these men respecting this road. It makes remarkable the complete reversal of opinion they later experienced. At the time of this affidavit, made out separately by the individual signers, but reading substantially the same, Sage, Field, and Gould were all directors of the Metropolitan Company. It read as follows:

Supreme Court—People of the State of New York vs. Manhattan Railway Company, defendant.

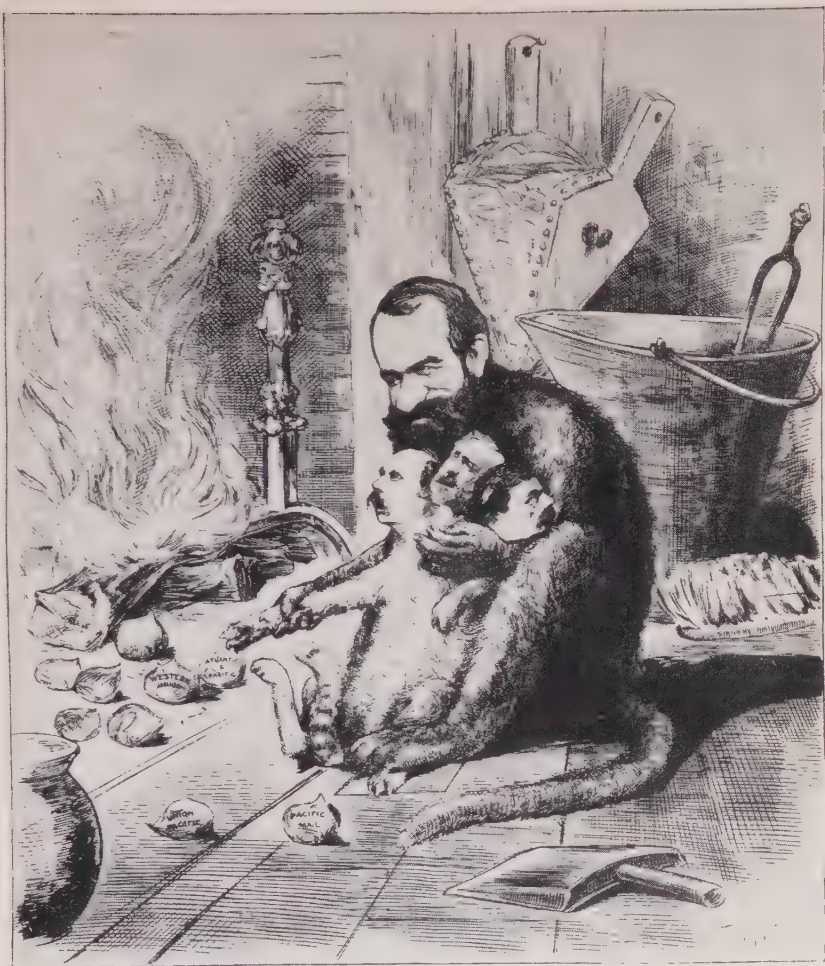
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"Jay Gould of said city, being sworn, says:

"I am one of the directors of the Metropolitan Elevated Railway Company, and am familiar with its affairs and those of the Manhattan Railway Company. In my opinion the Manhattan Railway Company is hopelessly and irretrievably insolvent, and the borrowing of money by its receiver will be a most desperate expedient which can at most afford to said company only a temporary relief from its fatal embarrassments. I verily believe that the certificates of said receiver, should any be issued, will be utterly worthless, and that no person will advance money thereupon with the expectation that such certificates will ever be paid.

"Jay Gould"

Gould had in the meantime decided to take a hand in the internal management of one of the companies in preparation for the maturity of his plans. Russell Sage sold him one hundred shares of stock in the Metropolitan Company, and at the annual meeting on July 8th, 1881, he was made a member of the Board of Directors. On the same day, the Attorney General entered an order discontinuing the suit against the Manhattan Company in New York City and opening the suit in the Albany County Supreme Court. There can be no question that the reason for this change of venue



### THE WILY MONKEY AND THE DELUDED CAT

A wily monkey, named Jocko Gould, wishing to secure for himself some chestnuts that others had placed to be roasted, said to the house cat Jennings-Dawes-Reid: "Sit down before me, that nobody shall see me pull out those nuts: I will then give you some milk I know of in the cupboard." Tabby did so, for she loved milk. That none might suspect her, however, she howled a moral howl of the badness of the nuts and their owners. Presently, with Tabby's paw—which thus was sorely burned—Jocko pulled out the nuts. He gave poor Tabby the milk, but people saw that while it was Jocko who ate the nuts, it was Tabby who was the thief, for she limped ever afterwards, and everybody laughed when he thought of that howl about the immorality of the owners of the Pacific Mail chestnuts.



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was to shift the scene of action into a district where Judge Westbrook was sitting. Attorney General Ward was distinctly obliging, but to insure the entire smoothness of the contemplated proceedings it was necessary to have a Supreme Court Judge of the proper persuasion cooperate with him. Westbrook was the man, and he obliged handsomely.

An action started before Judge Westbrook asking that receivers be appointed for the Manhattan Company was immediately granted, and John F. Dillon and A. L. Hopkins were appointed. The company was legally declared insolvent, and as a result the price of the stock naturally declined.

Gould was meanwhile buying in all the Manhattan Company stock he could get at rock-bottom prices. It was later contended by the Gould party that purchases began only in October. A witness in another suit connected with this operation later testified under oath, however, that the large purchases were made in August, when the stock was down to sixteen. An analysis of the prices current tends to support this statement. In August and early in September, in spite of the developments distinctly unfavorable to the Manhattan Company, the stock rose about four points. On September 1st it stood at twenty, and in the next twelve days twenty-six thousand shares changed hands

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between twenty and twenty-two. From then until the first days of October, the stock fluctuated between eighteen and twenty-three. All this time, protected under the barrage of affidavits and press campaigns, and screened by the numerous lawsuits instigated by themselves, Jay Gould and his party were completing their plan to gain control.

The last few steps calculated to destroy the credit and reputation of the Manhattan Company were taken in September. Judge Westbrook came down to New York in a proceeding to authorize the receiver to issue certificates of indebtedness in circumstances which would completely annihilate what little confidence in the financial strength of the Manhattan Company the public might still have. Just as in the palmy days of Erie Judge Barnard signed papers at midnight in the apartment of Josie Mansfield, Jim Fisk's mistress, so now Judge Westbrook sat in Jay Gould's private office in the Western Union Building and signed whatever Gould handed him.

The last shot in the New York *World* press campaign was an editorial volley issued on September 23d:

"We are informed on very good authority this afternoon that the New York and Metropolitan Elevated Companies have decided to unite their forces in an

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attack upon the Manhattan Company, with a view to getting their road into their own hands. Should they succeed,—and we see no reason why they should not,—Manhattan will be wiped out as a thing of the past.”

The “bear” campaign had been successful. Manhattan had been mercilessly hammered and relentlessly depressed. Gould had bought in all he wanted. It was the signal for a change in front along the whole line. Early in October it was publicly announced that Gould and his associates had obtained control of the Manhattan. But this was not enough. He wanted the other companies also. He therefore announced his intention of bringing suit against the other two companies to recover the thirteen million dollars alleged to be due to the Manhattan for the “gratis” stock issued.

As soon as it was certain that Gould had control, the *New York World* changed its mind about the Manhattan. On the same day that the public announcement of the Gould control of the Manhattan came out, October 9th, the following appeared in the financial page:

“The event of the day has been the development of the fact that Mr. Gould and his associates appear at

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the closing of the Manhattan Railway Company's stock books, as the owners of quite one-half of the stock. . . . The stock advanced rapidly from twenty-three to twenty-eight. . . . The change, it is thought, means that the Manhattan Company will rise the victor out of the troubles with which it has been overwhelmed."

There was now an exciting succession of incidents. Russell Sage, Cyrus W. Field, and Jay Gould got together. Between them they now controlled the three roads, and it was announced that Gould would be lenient and compromise in the matter of his thirteen million dollar suit. About this time, Judge Westbrook decided that the Manhattan Company was a public-spirited corporation and ought not to be interfered with. He therefore denied the appeal of the New York Company to get back of its road. On October 22d came an announcement that the Gould-Sage-Field party had agreed upon a plan of combination. Immediately following this announcement came an order from Judge Westbrook taking the Manhattan Company out of the hands of its receivers and annulling all previous orders. The decision by Judge Westbrook was communicated by him to New York by telegraph. The honorable Judge believed in speedy justice. On October 25th, the Manhattan Company resumed charge of the

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roads without interference. All suits were withdrawn. The objective was attained.

The financial editor of the *New York World* was pleased. He had always thought the Manhattan Company was a solid enterprise. On October 18th, the following appeared:

"Manhattan opened today at forty-five, sold down to thirty-seven, and closed at forty-three, the recovery following the announcement of an agreement among the three elevated companies. As I said long ago, the elevated railroad franchise is too big a thing to give away, and I never believed but that Manhattan would be rescued by men who have the brains and means to make the most of it."

Manhattan stock had sold down to fifteen in July. Now in October it had reached forty-three. The day after Judge Westbrook's opinion declaring the Manhattan solvent, the stock went up to fifty-two, and when he took the road out of the receivers' hands the rise took new force. By November 9th, the annual elections, Manhattan stock was selling at fifty-five dollars a share. The figure fifty-five must have had a familiar ring to the Manhattan stockholders who had been forced, frightened, or lawsuited out of the Man-

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hattan. It was the same figure that the stock stood at in 1880 before Attorney Generals and Judges, philanthropists and financiers, had become interested in its activities.

## CHAPTER XVIII

### CYRUS FIELD

THE Manhattan Elevated operation was entirely successful, and Russell Sage, Cyrus Field, and Jay Gould were left in complete control. Russell Sage's name comes down to us in the monument of a wealthy, charitable foundation, but Cyrus W. Field was to go the way of so many men who connected with Gould.

Field began his business life as a rag merchant, but his natural industry and energy had brought him far in the commercial world. His efforts had finally been crowned by the successful construction of the first Atlantic cable. He was essentially a public-spirited person. He was ambitious for public esteem more than for money accumulation. He wanted to surpass his brothers in accomplishment. One of them sat on the United States Supreme Court bench, another was a leader of the New York bar, and a third was a noted clergyman and editor. Field's profession was business, but he had too many scruples to last long, particularly in an association with such men as Sage and Gould.

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The combination went smoothly for a time. But soon Field got in the way of Sage and Gould. His principles were distinctly embarrassing to the others. Friction first arose when Field, in an effort to regain the public prestige threatened by the stock operations, insisted on a reduction of the elevated railroad fare from ten cents to five. The *New York Times* (December 27th, 1881) had said of the Manhattan operations that "There is no more disgraceful chapter in the history of stock-jobbing than that which records the operations of Jay Gould, Russell Sage, Cyrus W. Field, and their associates in securing control of the system of elevated railroads in New York City." Field felt keenly this charge which echoed the general opinion of the country. He was the only one of the trio who attempted to enter a defense to this editorial indictment. Particularly, in view of the agitation, Field was eager to make the road a public service company, and his efforts in this direction interfered with Gould's plans. Gould, therefore, set to getting rid of Field, and enlisted Sage's support.

In 1886, Field, believing that Manhattan was really a valuable property, attempted to purchase large amounts on the market. He "boomed" the stock in every possible way. His opinions were honest, and he

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backed them by large purchases. Gould and Sage encouraged him to continue in his efforts, partly because they profited in the sales of their stock, purchased at sixteen dollars a share, at the current price, which Field had created, of one hundred and seventy-five dollars a share. Field publicly predicted that Manhattan would reach two hundred dollars a share, and spared no efforts to make his prediction come true. All the time that Field was purchasing and encouraging the public to purchase, Sage and Gould were selling. When Field had tied himself up securely, Gould and Sage threw large batches of stock on the market. Their attack was successful. Field had borrowed heavily from the banks to hold the stock he had bought. At the same time that Gould threw his stock on the market, he called in all his funds from the banks, which in many instances were the same banks that Field had borrowed his money from. The stringency created caused the banks to call Field's loans, and his structure collapsed.

Gould now stepped into the breach, acting as a friend of Field's. He offered to buy all the stock Field was carrying, and finally arranged to take from him seventy-eight thousand shares of Manhattan Elevated at prices ranging between par and one hundred twenty dollars a share. Gould secured more stock from Field

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then he had sold, and was now complete master of the elevated system. In 1891 he made his eldest son Vice-President and another son a director.

It was only the beginning of Cyrus Field's troubles. Ruined himself, he was within a few weeks to lose his wife and see his son become a bankrupt. Field's association with Gould had brought him neither fortune nor the public respect he so much desired.

His last days are graphically described in his biography, written by his daughter. The great man, the public idol, the millionaire, Jay Gould's partner, was to depend on the charity of his friends for existence:

"It was at this time that disaster in business and calamities that were calculated to affect him far more keenly fell upon him, and what remained of his life was full of great anguish, both mental and physical. On his seventy-second birthday he found that of the fortunes that he had invested in the Atlantic cables, the elevated road, and the Washington building, but one thousand pounds of Anglo-American stock remained, and had it not been for the kindness of his friend, Mr. J. Pierpont Morgan, he could not in May, 1892, have gone to his country home. It was Mr. Morgan also who advanced the necessary money to keep in force the premium on Mr. Field's life-insurance policies. It was

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thought that the change to the country would benefit him, but in fact it only increased his distress and his weakness. Early on the morning of July 12th his family was called, and watched by his side from half-past four until ten minutes before ten, when the rest he had so longed for was given!”

## CHAPTER XIX

### HIS PRIVATE LIFE

FROM this time on, Jay Gould's market activities decreased as his interest in less exacting pursuits increased. He knew no racy stories, belonged to no clubs. His home, his wife, his children, his business, and his books were his private life. He loved quiet things. Affairs in Wall Street were getting too exciting for him. The panic of 1884 had cost him twenty million dollars. Gould was too much a master of himself, too keen was his knowledge of the changes of fortune, to overplay his hand or overstay the game. "Once in an enterprise," he said, "it is very hard to leave it. We are all slaves, and the man who has one million dollars is the greatest slave of all, except it be he who has two million."

Jay Gould was tired. His frail body sagged under the strain of his complicated activities. Many men had been his partners, but none his friends. But there were his flowers; that rare collection of eight thousand orchids and two thousand azaleas. He worked his own open-air garden. He weeded his own turnips and hoed his own potatoes. He had many gardeners, and carefully nursed



*Jay Gould's Residence,  
No. 580 Fifth Avenue,  
from 1869 to 1882*



*Residence, No. 61  
West 38th Street,  
from 1868 to 1869*



*Residence, No. 579 Fifth Avenue,  
where he died*



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crops. But all this could not make him happy. His health continually worried him. The old neuralgia was annoying him, and a steady pain in his lungs warned him. Doctor Munn told him that he had tuberculosis. Gould was not the man to bow to any man or disease without a struggle. So he set to a study of the disease, its symptoms and cure. Only after he became convinced through his own studies did he acknowledge defeat. He prepared his affairs, called in his eldest son, told him his position, and pledged him to secrecy. Gould could not bear for the world to know his weakness. Doctor Munn accompanied him on all his trips, so that no strange physician should know his condition. Not till after he died did the world know of what he died.

Gould had a singular, almost plaintive regard for beauty. It appeared in his love for flowers and ferns. These blooms, brought from Africa, South America, India, from beyond Trebizond, were his closest friends. Among them he walked each morning, before leaving for the city, and to them he came back each evening. There were quiet, beautiful, they promised rest and peace. He was large-eyed for the charm of a landscape; knew the "joy of broad, sunny fields, and the restless sparkle of the sea." When a boy he had dreams of a literary life, and his later luxuries were in his library.

Tuberculosis sapped his energy. He was told to amuse

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himself, and for a time his pale and placid face was seen in public places, but there was no help for this ruthless dreamer in the glare of professional merriment. His wife was dead, his children were grown, his old touch was gone. He was through!

On December 3d, 1892, a Friday, Jay Gould died. "The end came peacefully. He closed his eyes to sleep. Without a tremor or a movement, he died." His children were all grouped around him in the simple bedroom. In the next room, as the clock struck ten, the ticker slowly began to tap its records. Western Union up two points . . . Manhattan Elevated up three points . . . Union Pacific, Wabash, all Gould stocks up. It was Wall Street's farewell. It was the last defiant gesture of a market he had controlled. Now that Gould was gone, his properties were worth more.

The Street was free. The great manipulator was gone, but the ticker went on. . . .

The "Imaginary Conversation" is, in brief outline, an attempt to give Gould's viewpoint. This story of Jay Gould preaches no moral, urges no reforms, demands no changes. But in the very telling of the story of his operations, the evidence seems to convict him. In the conversation, we get a bit of the other side of the picture. Gould's part of the dialogue is made up mainly of his own statements. In many instances his exact words are used, but in every case the opinion expressed is his.



## IMAGINARY CONVERSATION

THE READER. You are the most hated man of your time; there is hardly a public man who would dare to permit his name to be associated with yours; there is not a newspaper which could survive a connection with you; your name has become a synonym for greed and trickery. From the stenographer, Edward Bok, who said he felt his "path lay far apart from that of Jay Gould—and the farther the better!" to your associate, Daniel Drew, who said of you, "his touch is death," there has been a united indictment of you as a man. Does this not trouble you? Are you not oppressed with the knowledge that all the world thinks so harshly of your character?

GOULD. When I was a boy my dreams were of a literary career. All my life my books have been a solace to me. You will permit me, then, to answer your questions in the words of a literary master. "The few stout and sincere persons," writes Emerson in his Journal, "whom each one of us knows, recommend the country and the planet to us. 'Tis not a bad world this, as long as I know that John M. Forbes and Wil-

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liam H. Forbes . . . and my three children . . . and twenty other shining creatures whose faces I see looming through the mist are walking in it. Is it the thirty millions of America, or is it your ten or twelve units, that encourage your heart from day to day?"

READER. Emerson may have been an indifferent person, but you are the most unpopular person in the United States.

GOULD. I never notice what is said about me. I am credited with things I have never done, and am abused for them. It would be idle to contradict newspaper talk and street rumors. As to enemies, any man in my position is likely to have them. With me the bitterest enemies have always proved to be men to whom I had rendered services. As a general thing, I do my best to be on good terms with everybody I come in contact with. I am not of a quarrelsome disposition. But, on the other hand, I have the disadvantage of not being sociable. Wall Street men are fond of company and sport. A man makes one hundred thousand dollars there and immediately buys a yacht, begins to drive fast horses, and becomes a sport generally. My tastes lie in a different direction. When business hours are over, I go home and spend the remainder of the day with my wife, my children, and my books. Every man has normal inclinations of his own. Mine are

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domestic. They are not calculated to make me particularly popular in Wall Street, and I cannot help that. However, I have my wife, my six children, and my grandchildren. These are homes in which I am always welcome, and they are persons in whose sincerity I am secure. I prefer a pleasant home circle to a rather noisy friendliness with the Wall Street crowd.

READER. Did you never feel it necessary to defend yourself against all these accusations?

GOULD. I tried at first, but soon gave it up. The public always needs some person or persons to blame for its follies; it chose me. Only once did I issue a public statement attacking any of my accusers. When James Gordon Bennett attacked me with the virulence of his intensely pugnacious nature, I did not answer; but when he fostered a plot to reflect upon my personal life, I lost my temper. I issued a statement that the attack was instigated by a newspaper, meaning the Herald, a cable company, meaning John Mackay's line, and a woman. I did this only because the wife of an officer of one of my roads, in a suit for divorce, had brought in my name. It was the only time in my life that anyone had dared even to suggest that my private life was not entirely honorable. I retaliated only on the most serious provocation; but even in this instance it was a mistake. It merely opened the

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way to an extended controversy with Bennett, and I fear neither of us profited by the exchange.

READER. There are some details of your business transactions that are not quite clear. For instance, it has been said that you manipulated the Erie Railroad to your own advantage and regardless of the interests of the stockholders, the real owners of the business. Henry Adams has the reputation of a disinterested person, yet he has said of this series of transactions that "it was something new to see a knot of adventurers, men of broken fortune, without character and without credit, possess themselves of an artery of commerce more important than was ever the Appian Way, and make levies, not only upon it for their own emolument, but, through it, upon the whole business of a nation."

GOULD. I understand that even worse things were said of these operations. Before I explain my position, I should like to comment on Henry Adams. When he came down to New York to look into matters, he was hardly thirty. In all his thirty years, he had participated not at all in active business life. He and his brother, Charles Francis Adams, decided to investigate conditions in New York as independent reporters, merely because they had nothing else to do. I remember Henry Adams. He came to my office to see me,

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but I turned him over to Fisk. Fisk had more patience to discuss abstract moral problems with cloistered minds than I had. Charles Francis Adams, who berated me so thoroughly in his literary efforts, did not scruple to associate himself with me in the management of the Union Pacific twenty years later, and, in his own words, he "did it for his own advancement." Well, I went into the Erie for my own advancement. I have never pretended that my philosophy is so rounded or my civilization so advanced that my motives are more social than personal. I went into the Erie to make money. When Vanderbilt came along and tried to swallow up the road, I determined to fight. Vanderbilt was as ruthless as any of them, but he played a good game of whist, and owned some very fast horses. When he interfered with our property, I fought him. Vanderbilt didn't die in the poorhouse—and I assure you that no fortune in America has ever been made by the "sweat of the brow." Thrift never bought a stable of race-horses yet. When we beat Vanderbilt, he raised a man-sized howl. Yet he didn't scruple to try to throw us out of our own road. Vanderbilt was one of the first men to spread the reports that I was a particular sort of scoundrel—and it was with a particular sort of pleasure that I saw him playing second fiddle this once. Not that I

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hated him; that sort of thing is too distracting in Wall Street. The first Erie Wars, so-called, were merely fights for control. They attracted attention because the incidents connected with the episode were dramatic and exciting. The settlement we made with Vanderbilt was made over the protests of Fisk and myself. It is true that the Erie lost money. We had to pay back Vanderbilt his money. Where was it to come from? Was Fisk to pay it? My generosity is not so elastic. It had to come out of the Erie treasury, but then I think it was cheap enough, considering that we got rid of Daniel Drew.

READER. In the gold panic, which you are said to have provoked, is it true that you turned about and broke the very market you had created?

GOULD. The whole episode has never been entirely understood. I have learned that in such cases, where an explanation would not seem plausible to the ordinary mind, it is best to offer no explanation. I was alone in that operation. The other brokers who bought with me at the beginning were doing it with my knowledge, but not my cooperation. I went into that operation, intending to put gold up to about one forty-five. It got away from me. It is not the original operator for a rise who always boosts his own stock or commodity. You may wish to put a stock up to

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eighty, and when it gets to seventy-eight you sometimes find that you have accumulated a lot of followers. In the usual operation for a rise, it is customary to cause a temporary decline to shake out these followers, because they may sell at the wrong time and cause an embarrassing situation. Your followers in Wall Street often cause you more trouble than your opponents. In this particular instance, my objective had been attained when gold went to about one forty-five. I wanted to see it no higher than one fifty, because I have had too much experience in such matters to think I could maintain it at such a level, even for a period sufficient to hold up the "shorts." When I saw that the other brokers were bidding gold up too far, and that the importers were helping the market along by frantic purchases, I realized that the whole operation was in great danger. It was then I asked Jim Fisk to join me in the plan. I needed him. In the first place, he was the better man to conduct the public campaign, and again I needed a good man on the floor of the Gold Exchange. I couldn't manage that sort of thing. But I am afraid Fisk overdid the thing. Going on the floor and offering to bet fifty thousand dollars that gold would reach one hundred and fifty before close might impress a lot of small brokers, but it wouldn't manage the maneuver to a

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successful conclusion. Fisk was only a big boy. Mind you, his ability must not be underestimated. He had a showy exterior, but a very keen mind, and a knack for extricating us from difficult situations. This high-sounding Garfield report saying that "the malign influence which Cataline wielded over the reckless and abandoned youth of Rome finds a fitting parallel in the power which Fisk held in Wall Street, when, followed by the thugs of Erie and the debauchées of the opera, he swept into the Gold Room and defied both the Street and the Treasury" might go well in the country districts, but it doesn't mean anything. Jim Fisk was an old circus man, and he never quite got it out of his system. I was very fond of him, but I thought that, for his own sake as well as mine, I had better not tell him that I thought the game was up and that we had better cover. Corbin was out of our control, gold was going up faster than we planned, public opinion was against us. I am not stubborn. If I couldn't turn around quickly, the papers wouldn't give an inch of space to any analysis of mine. I decided to sell, and buy only enough to make the Street think I was still a bull. I let Jim Fisk keep on buying, but had my plans made to protect him, and I did. The main charge against me, apparently, is that I

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did not keep on buying when I saw the market was going to break. Of course, everybody who bought gold and lost money blamed me.

READER. How does it happen, that in telling the story of your life to the Senate Committee, you did not mention the gold panic at all?

GOULD. I did not mention it because I knew my story would not be believed. I have long got past the point of caring, but it is rather trying to repeat a viewpoint which is not welcome. I am a Wall Street radical, because I do not conform to its social code; and as a radical, in a way, I suppose I must expect to be baited. I can understand it, and I put up with a certain amount of it. The newspapers get a lot of copy from my actions. I suppose I am something of a public character, and that I must bear my contribution to the fun of the time. I do not object to criticism, provided it is fair. Sometimes, however, I get, as I think, some unfair knocks. I asked a certain editor once why he abused me so. He replied that there were only three or four men in the country worth abusing, and that I was one of them. "Well," said I, "go ahead, but I hope you will change your mind some day." I am sorry to say he is of the same opinion still.

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READER. Your mention of the newspapers tempts me to ask what your idea was in purchasing the *New York World*.

GOULD. It has been said that my purchase of the *World* was an attempt to gain control of the press. I should be flattered, I suppose, at this interpretation of my modest venture, but am afraid I cannot admit to any such princely motives. Controlling the press would be a magnificent undertaking, and a credit to the genius of the person who accomplishes it. I know my limits, and wouldn't pour millions into an impossible undertaking. As a matter of fact, I never intended to have the paper, and got it more by accident than by design, almost against my desire. The way of it was this: In the summer of 1878 or '79 I met Tom Scott of the Pennsylvania Railroad in Switzerland. He was very much depressed and broken up, financially, physically, and mentally. I felt a profound sympathy for him. He asked me as a favor to take the Texas Pacific Railroad off his hands, and I concluded to do so. In arranging the details Scott appealed to me to include the *World* in the transaction. He owned it entirely. I cared nothing about it, but finally yielded. That was the origin of the purchase. I never cared anything about the *World* while I had it. It was simply an accidental trade of mine.

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After I had it, I thought I might interest my son, George, in its operation. I gave him some stock, but he took only a mild interest in it. When Joseph Pulitzer came along in May, 1883, its circulation was only fifteen thousand. I am afraid the connection of my name with the paper hadn't helped its circulation any. In selling it to Pulitzer, I got the price I paid for it, plus the losses for the three years I owned it. Naturally, I tried to make a good deal, and was not displeased with Pulitzer's comment that "any man could capitalize a property upon the earnings of ten per cent, but that Gould was the only one in the world who could capitalize upon a loss of twenty per cent."

READER. In purchasing the *World*, were you in any way motivated by your literary ambitions?

GOULD. No, I don't think so. I should have liked to have seen one of my sons take up a literary career, but they seemed to prefer the railroad business. For myself, I realized a long time before that I could not hope ever to do anything in that line. I had a leaning in that direction, but writing is a business which requires more intensive training and concentration than I could afford to devote to it. I always liked to read, but my writing ended with *The History of Delaware County*. Besides, I found more scope for the exercise of my particular abilities in the railroad

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business. I am essentially a railroad man. This doesn't mean that it was necessary for me to start roads. It happens that I can better develop and combine roads that others have first laid, than make the original plans myself. This business of "tracking through the wilderness" is a little too slow for me. My methods require quicker results. I can take four small roads, started by some energetic railroad builders who went bankrupt in the original process, and by combination and development make them into one large dividend-paying line. When I have done this successfully, the road ceases to interest me except as an investment. In the process of combination, I naturally attempt to arrange matters so as to assure myself a sizable profit. Because I manage to get several million dollars in the period that the ordinary man gets a few hundred is no crime in itself. Besides, it must be remembered that every one of my transactions is essentially a gamble. They have, in the main, been successful, but my risk has always been great. One misstep, one important failure, and I would have gone the way of James Keene or Cyrus Field or Henry Smith.

READER. How does it happen that a man of your temperament chose Jim Fisk as his associate?

GOULD. Jim Fisk was one of the few men I had dealings with upon whom I could depend. Fisk, what-

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ever else he was or failed to be, was square. He was no hypocrite. It may surprise you to hear that I believe Jim Fisk was more like me than any other man in Wall Street. He made no pretense. The hollow simperings of Daniel Drew disgusted me. I have never inquired into a man's personal life. It was no business of mine. I was connected with him in a business way, not in any personal association. Drew would have sold me to the devil for the price of a new religious seminary, calculated to buy his way into heaven. Fisk's morals may have been bad, but he would never betray a friend or a partner. Fisk and I broke Drew because he tried to sell us out to Vanderbilt. I have no mercy in the abstract sense of the word. In my philosophy, there is no such thing, because the man who has this unpractical quality below Canal Street doesn't last long. You let the other man off when you have him, but he won't let you off. Wall Street is a strenuous and merciless game. Those who venture in that field do or should know it. They must expect no mercy, and they must be prepared to restrain the giving of it. If they are overwhelmed with this quality, they had better stay uptown in some less exacting pursuit.

READER. You have been called the perfect gambler. You have yourself said that all your operations had the element of a gambling venture in them.

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Why, would you say, have some men succeeded and many others failed in Wall Street?

GOULD. In Wall Street, are several types of men. There is the man who is by nature a builder. He is only incidentally in Wall Street, because that is our financial center. His activities are mainly in enterprises scattered about the country, in all of which he is deeply interested. This type, the builder or projector, is not always a good trader. He visions enterprises, and sees them through, in the physical aspect. If he starts a railroad, he sees the road through from the very beginning to the very end. His satisfaction comes from accomplishment. Vanderbilt was an example of a successful projector. The second type of man in Wall Street is the banker. He acquires money by possession and its adroit use. Morgan is an example of the clever banker. The third type, the real Wall Street man, the man whose interests are bounded by the East River and Trinity Church, is the speculator, the manipulator, the stock gambler, if you will. This type, the manipulator, must first be a good trader. The old-clothes man is in a sense a good trader if he can persuade you to part with the suit you need. But his imagination is limited to your back doorstep. The small dealer is a trader. "It looks like snow, boys," said the Finns, for they had snowshoes to sell. They

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believed in advertising, and they worked by suggestion. That is why we use Ivory soap. But the large manipulator, besides being by nature a trader, must have an active imagination which sees things in broad outlines. He must envision what is not visible, he must believe in this seeming mirage, and must have the courage and the nerve to gamble on the product of the imagination. The man who conceives complicated plans, sees them through clearly in his mind and has the courage of his faith,—that man may be a manipulator. These are some of his affirmative qualities; but there must also be lacking in him, at least until business is over, those lovable human frailties which go under the name of pity, of generosity, of mercy.

READER. There are men who were figures in Wall Street and failed. They had all or most of these qualities, as you call them, and yet went under. Why did men like Daniel Drew, Henry Smith, James Keene, Jay Cooke, fail in the end?

GOULD. If the story of the men that Wall Street made rich were written, it would fill several books. If the story of the men that Wall Street made rich and then broke were written, it would fill a library. These men who became rich were in almost every case men of ability, good traders, and keen business men. But they overplayed their hand. They knew

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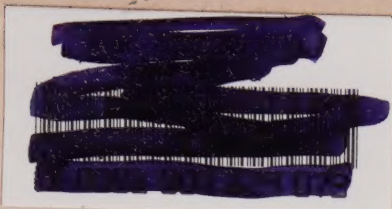
when to come in, but they didn't know when to get out. The perfect speculator, the perfect gambler, if you will, must know when to come in; more important, he must know when to stay out; and, most important, he must know when to get out once he is in.











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Warshow, Robert Irving:

Jay Gould

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